GRUPA KAPITAŁOWA ERBUD

Consolidated Financial Statement for the accounting period ended on 31 December

Drawn up in accordance with the International Financial Reporting Standards (IFRS) as endorsed for use in the European Union.

Consolidated Financial Statements as of 31 December 2021 (in '000 PLN, unless stated otherwise))

CONSOLIDATED STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

		For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
	CONTINUING OPERATIONS		
Note 4.2.-4.3.	Revenues from sales of products and services	3,102,095	2,228,344
Note 4.2.-4.4.	Cost of products and services sold	2,808,780	2,034,828
	Gross sales profit/(loss)	**293,315**	**193,516**
Note 4.4.	Cost of sales	10,830	9,009
Note 4.4.	General and administrative (G&A) costs	185,919	118,556
	including remuneration consisting of shares	28,343	-
Note 4.6.	Other operating income	14,236	11,700
Note 4.6.	Other operating expenses	4,801	7,149
Note 6.6.	Loss reversal/(impairment) of financial assets and customer contract valuation assets	(15,187)	116
Note 4.2.	**Operating profit**	**90,814**	**70,618**
	Share in net profits/losses of equity-accounted subsidiaries	(156)	-
Note 4.7.	Financial income	8,817	7,081
Note 4.7.	Financial expenses	14,080	13,446
Note 4.2.	**Gross profit**	**85,395**	**64,253**
Note 4.8.	Income tax	64,057	13,880
	Net profit for the accounting period	**21,338**	**50,373**
	Profit generated in accounting period appropriated to:		
	Shareholders of Parent Company	8,788	46,661
	Non-Controlling Stakeholders	12,550	3,712

	For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
Consolidated profit / (loss), net	**21,338**	**50,373**
Foreign exchange gains/losses resulting from translation of statements of foreign entities	**(212)**	4,173
Comprehensive income (including tax effect) subject to reclassification into result	**(212)**	**4,173**
Comprehensive income in the accounting period	**21,126**	**54,546**
Appropriated to:		
Shareholders of Parent Company	8,579	50,796
Non-Controlling Stakeholders	12,547	3,750

ERBUD Consolidated Financial Statements as of 31 December 2021 (in '000 PLN, unless stated otherwise))

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		2021	2020
	ASSETS	**1,833,190**	**1,199,863**
Note 6.2.	Goodwill	41,240	40,667
Note 6.1.	Intangible assets	9,907	12,525
Note 6.1.	Tangible fixed assets	167,932	91,629
Note 6.12.	Investments accounted for using the equity method	34,940	488
Note 5.1.	Financial assets	11,525	6,632
Note 4.8.	Deferred tax assets	49,496	45,778
Note 2.2.	Receivables under building contracts - bid bonds	14,432	12,004
	Fixed assets	**329,472**	**209,723**
Note 6.5.	Inventory	67,446	25,728
Note 2.2.	Receivables under building contracts - bid bonds	15,189	25,027
Note 2.3.	Pricing of building contracts - assets	302,138	179,106
Note 6.6.	Trade receivables	594,647	367,389
Note 6.7.	Other receivables	57,036	30,939
Note 5.1.	Other financial assets	28,567	10,633
		-	-
Note 3.8.	Cash and cash equivalents	363,210	292,588
Note 3.8.	Cash assets in VAT account	50,745	30,753
Note 3.8.	Cash with restricted availability.	10,855	22,949
Note 6.7.	Other assets	13,885	5,028
	Current assets	**1,503,718**	**990,140**
	LIABILITIES	**1,833,190**	**1,199,863**
Note 3.1.	Share capital	1,240	1,240
	Supplementary capital	207,074	195,497
Note 3.1.	Own shares	(70,000)	-
	Reserve capital	71,552	17,822
	Accumulated comprehensive income	5,480	5,689
	Retained earnings	337,521	80,804
	Equity of shareholders of the Parent Company	552,867	301,052
	Equity of non-controlling stakeholders	131,866	9,441
	Shareholders' equity	**684,733**	**310,493**
Note 3.2.-3.5.	Debt	155,160	35,873
Note 6.8.	Provisions	26,385	22,788
Note 4.8.	Deferred tax liabilities	10,597	1,133
Note 2.2.	Liabilities vis-a-vis subcontractors - bid bonds	15,855	15,901
	Long-term liabilities	**207,997**	**75,695**
Note 3.2.-3.5.	Debt	58,735	91,589
Note 6.8.	Provisions	30,847	29,050
Note 2.2.	Liabilities vis-a-vis subcontractors - bid bonds	130,829	124,460
Note 2.3.	Pricing of building contracts - liabilities	244,048	234,463
Note 6.10.	Trade payables	363,131	258,673
Note 6.10.	Other liabilities	112,870	75,440
	Short-term liabilities	**940,460**	**813,675**

Consolidated Financial Statements as of 31 December 2021 (in '000 PLN, unless stated otherwise))

Consolidated statement of changes in equity

	Share capital	Own shares	Supplementary capital	Reserve capital	Foreign exchange gains/losses resulting from conversion of foreign unit	Retained earnings	Total	Equity of non-controlling stakeholders	Shareholders' equity
As of 1 Jan. 2020	**1,281**	**-**	**211,931**	**11,385**	**1,554**	**40,534**	**266,685**	**8,131**	**274,816**
Net result in the accounting period	-	-	-	-	-	46,661	**46,661**	3,712	**50,373**
Comprehensive income in the accounting period	-	-	-	-	4,135	-	**4,135**	38	**4,173**
Other comprehensive income	**-**	**-**	**-**	**-**	**4,135**	**46,661**	**50,796**	**3,750**	**54,546**
Dividend	-	-	-	-	-	-	**-**	(2,031)	**(2,031)**
Transfer of the net income from previous year to retained earnings	-	-	-	6,437	-	(6,437)	**-**	-	**-**
Acquisition and redemption of a stake in a subsidiary	-	-	-	-	-	(142)	**(142)**	(409)	**(551)**
Acquisitions of own shares	(41)	-	(16,459)	-	-	-	**(16,500)**	-	**(16,500)**
Other	-	-	25	-	-	188	**213**	-	**213**
As of 31 Dec. 2020	**1,240**	**-**	**195,497**	**17,822**	**5,689**	**80,804**	**301,052**	**9,441**	**310,493**
As of 1 Jan. 2021	**1,240**	**-**	**195,497**	**17,822**	**5,689**	**80,804**	**301,052**	**9,441**	**310,493**
Net result in the accounting period	-	-	-	-	-	8,788	**8,788**	12,550	**21,338**
Comprehensive income in the accounting period	-	-	-	-	(209)	-	**(209)**	(3)	**(212)**
Other comprehensive income	**-**	**-**	**-**	**-**	**(209)**	**8,788**	**8,579**	**12,547**	**21,126**
Dividend	-	-	-	-	-	(500)	**(500)**	(3,253)	**(3,753)**
Net retained earnings carried forward	-	-	2,308	25,000	-	(27,308)	**-**	-	**-**
Sales and issue of shares in a subsidiary	-	-	9,269	-	-	275,737	**285,006**	112,998	**398,004**
Acquisitions of own shares	-	(70,000)	-	-	-	-	**(70,000)**	-	**(70,000)**
Employee Stock Ownership Plans (ESOPs) - share-based compensation	-		-	28,343	-	-	**28,343**	-	**28,343**
ONDE SA share issue	-		-	387	-	-	**387**	133	**520**
As of 31 December 2021	**1,240**	**(70,000)**	**207,074**	**71,552**	**5,480**	**337,521**	**552,867**	**131,866**	**684,733**

ERBUD Consolidated Financial Statements as of 31 December 2021 (in '000 PLN, unless stated otherwise))

CONSOLIDATED CASH FLOW STATEMENT

		For the period of 12 months, ended on 30 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
	OPERATIONAL CASH FLOWS		
	Gross profit/loss	85,395	64,253
Note 4.2.	Amortization and depreciation	27,649	22,941
Note 4.7.	Foreign exchange gains/losses	(23)	4,288
Note 4.7.	Interest and share in profits (dividend)	8,653	2,107
Note 6.11.	Other non-cash adjustments	25,423	(201)
	Income tax paid	(62,115)	(10,306)
Note 6.11.	Change in balance of working capital	(258,345)	220,974
	Operational cash flows, net	**(173,363)**	**304,056**
	INVESTMENT ACTIVITY CASH FLOWS		
Note 5.1.2	Inflows from credits/loans extended	7,393	8
Note 6.11.	Other inflows	20,910	948
	Expenditures on the acquisition of tangible fixed assets	(88,063)	(13,414)
Note 5.1.2.	Loans extended expense	(37,406)	(10,000)
	Expenditures on the acquisition of shares in companies	(46,547)	-
	Other	-	(513)
	Investment activity cash flows, net	**(143,713)**	**(22,971)**
	FINANCIAL ACTIVITY CASH FLOWS		
Note 3.2.	Income from credits and loans taken	72,952	27,712
Note 3.4.	Inflow from bond issue	75,000	-
Note 6.14.	Proceeds from the sales of shares in a subsidiary	398,004	-
	Other inflows	388	-
Note 3.2.	Debt (principal) repayment expense - principal	(19,720)	(129,849)
Note 3.2.	Lease debt repayment expense - principal	(8,874)	(9,495)
Note 3.2.	Debt (interest) repayment expense	(4,791)	(6,527)
	Dividend payment	(3,261)	(2,031)
Note 3.1.	Acquisitions of own shares	(70,000)	(16,500)
Note 3.4.	Redemption of debt securities	(52,000)	-
	Other expenses	-	(8)
	Financial activity cash flows, net	**387,698**	**(136,698)**
	NET CASH FLOWS	**70,622**	**144,387**
	Opening cash balance	**292,588**	**148,201**
	Closing cash balance	**363,210**	**292,588**

The Financial Statement comprises icons that represent:

Accounting Policy

Estimates

1. BACKGROUND INFORMATION

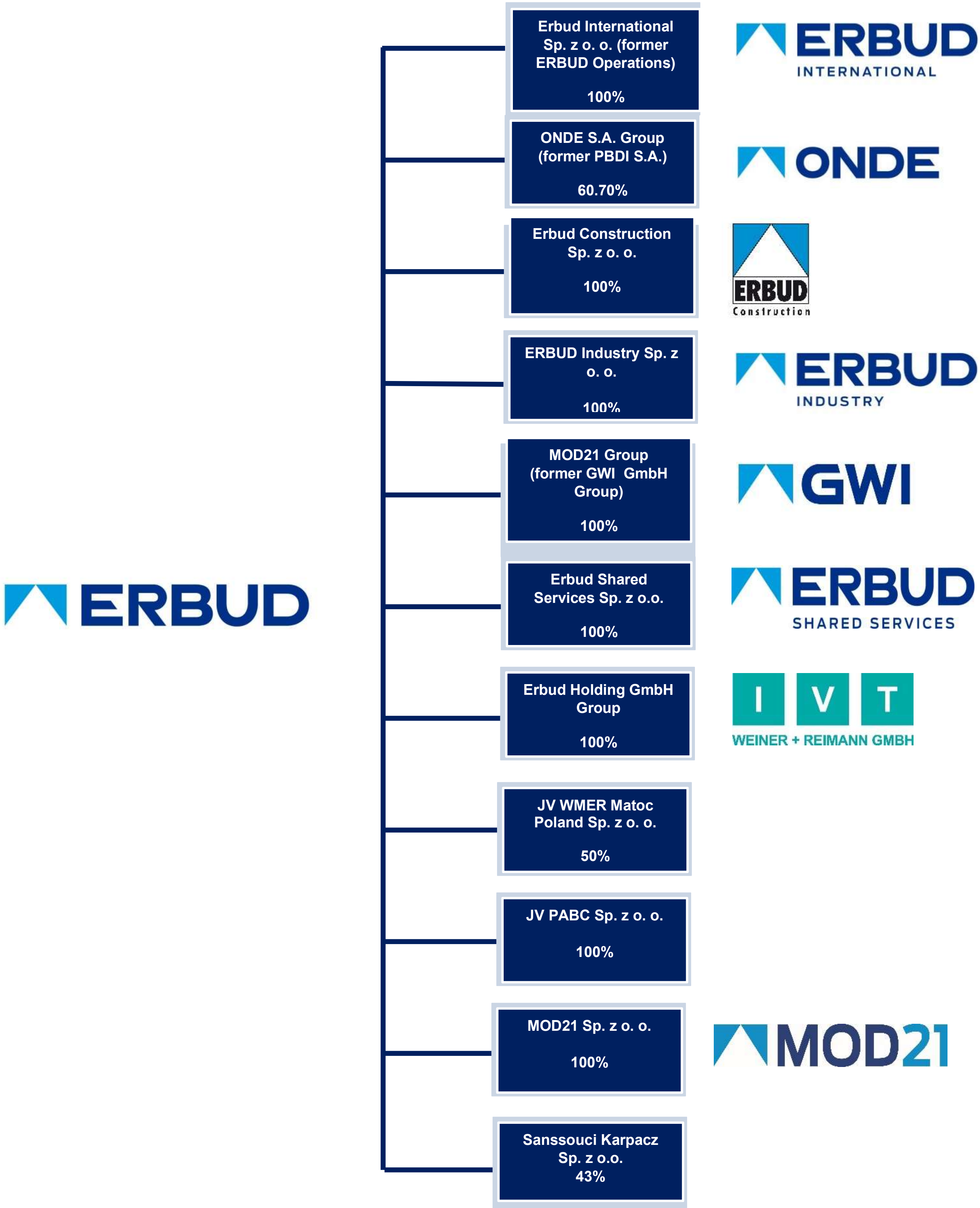
1.1. INTRODUCTION

The Parent Company of Erbud S.A Capital Group ("Group") is Erbud S.A. ("Parent Company"), with its registered office in the City of Warsaw, at ul. Franciszka Klimczaka No. 1.

The Parent Company was entered into the National Court Register on 29 November 2006 under entry No. KRS 0000268667 (District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register) The Parent Company has been listed on the Warsaw Stock Exchange since 2007 and has been incorporated into the construction companies index "WIG Construction".

The scope of the Group's activities comprises broadly understood construction and erection services performed on general contractor basis in Poland and in foreign countries. In addition, Erbud S.A. plays the role of a management, advisory and financial centre within the Group. The Group operates in the Polish market and in the markets of other European Union countries.

The duration of the Parent Company and the Group member companies is indefinite.



Detailed organisational structure of the Group is presented in the Note 6.12. The above figure shows the share of Erbud S.A.
in the individual member companies of the Erbud S.A. Group as of the date of drawing up the financial statements.

1.2. GROUNDS FOR DRAWING UP THE FINANCIAL STATEMENT

IFRS Compliance Statement

Consolidated Financial Statements were drawn up as of 31 December 2021 in compliance with the International Financial Reporting Standards, endorsed by the European Union.

The Consolidated Financial Statement is presented in Polish currency (Polish zloty, "PLN"), and all figures are specified in thousands of Polish zlotys.
The Condensed Financial Statement has been drawn up on a historical cost basis, except for financial derivatives that were priced at fair value.

This Financial Statement was approved for publication by the Management Board on 4 April 2022.

Going Concern

This Consolidated Financial Statement was drawn up following going concern principle applicable to the Group in the foreseeable future. As of the date of approval of this Financial Statement, no signs prevailed indicating a risk to the continuation of Group operations following a going concern principle.

Impact of COVID-19

The Group has not experienced a material impact of COVID-19 on its current operations. The building contracts were carried out in adherence to the planned schedules, and no penalties for project delays were recorded. Additional costs related to providing necessary safety for the personnel were not significant and did not have material impact on the Company's 2021 performance. The coronavirus pandemic did not undermine Group's liquidity, and the Group maintained a stable, high cash balance throughout the year and paid its liabilities in a timely manner. The Group also experienced no change in the recoverability of accounts receivable, which were paid by the customers on an on-going basis with no significant delays.

Pricing at fair value

The measure of fair value of an asset or liability the Group takes into consideration the properties of a certain asset or liability, if the market players take into consideration these characteristics when measuring the assets or liabilities at the measurement date. The Group classifies fair value measurement principles using the fair value hierarchy, reflecting the weight of source data used for measurement, pursuant to IFRS No. 13.
As of the individual balance sheet dates, the Group has no items measured at fair value but discloses fair value for items measured at amortized cost.

Conversion of items into foreign currencies

The items specified in the Financial Statements are measured in the currency of the core business environment where the entity carries out its operations ("functional currency"). The functional currency of Polish companies within the Group is PLN, whereas the functional currency of German companies is EUR, and the presentation currency of the financial statements is Polish zloty (PLN).

Transactions in foreign currencies are recorded in the books at the time of initial recognition in the value converted into PLN at the average National Bank of Poland's rate prevailing at the transaction date.

At the balancing date cash assets and liabilities denominated in currencies other than Polish zloty are converted into Polish zlotys using the appropriate average exchange rate, effective at the end of the accounting period, determined for a certain currency by the National Bank of Poland. The foreign exchange gains/losses are posted respectively into the line "financial gains (losses)" or in cases defined by accounting principles (policy), are capitalised in the assets value.

The non-cash assets and liabilities recognised at historic cost expressed in foreign currency are posted at historical exchange rate prevailing at the transaction date. Non-cash assets and liabilities are carried at fair value expressed in foreign currency are converted using the exchange rate prevailing at the date of fair value measurement.

1.3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS:

In this Consolidated Financial Statement, the following new and amended standards were applied for the first time, which entered into force in 2021:

a) Amendments to IFRS 9, IAS 39 and IFRS 16 connected with the IBOR reform

In response to the expected reform of reference rates (IBOR reform), the International Accounting Standards Board has published the second part of amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, which are applicable from 1 January 2021. The amendments address accounting issues that will arise when, when IBOR-based financial instruments transition to the new interest rates. The amendments introduce a number of guidelines and exemptions, most notably a practical expedient for contract modifications required by the reform that will be recognized by updating the effective interest rate, a waiver to terminate hedge accounting, a temporary waiver to identify the risk component, and the requirement to include additional disclosures. The above change did not have any impact on the Group.

b) Amendments to IFRS 4: Application of IFRS 9 "Financial Instruments"

Amendment to IFRS 4 "Insurance Contracts" postpones the application of IFRS 9 "Financial Instruments" until 1 January 2023 until the effective date of IFRS 17 "Insurance Contracts".

As of the date of this Consolidated Financial Statement, the application of this standard is deferred until 2023.

c) Amendments to IFRS 16 "Lease"

In relation to the coronavirus pandemic (COVID-19), an amendment to IFRS 16 was introduced in 2020, which enabled the application of a simplification for assessing whether changes to leases made during a pandemic represent lease modifications. Consequently the lessees may benefit from the simplification boiling down to not applying the IFRS 16 guidelines concerning the modification of lease contracts. As this amendment related to reductions in lease payments due on or before 30 June 2021, hence in March 2021. The Council extended the availability of the practical arrangement for lease payment reductions until June 2022. The amendment is effective from 1 April 2021 with an option of earlier application.

This amendment does not have a material impact on the Group's financial statements.

Published standards and interpretations, which are not yet effective and have not been applied by the Group before.

In these Consolidated Financial Statements, the Group has not decided to apply earlier the following published standards, interpretations or amendments to the existing standards before their effective date:

a) IFRS 17 „Insurance Contracts” and amendments to IFRS 17

The IFRS 17 "Insurance Contracts" was issued by the International Accounting Standards Board on 18 May 2017 and amendments to IFRS 17 were published on 25 June 2020. The new amended standard is effective for annual periods beginning on or after 1 January 2023.

The new IFRS 17 "Insurance Contracts" will replace the current IFRS 4, which permits a variety of practices in the settlement of insurance contracts. IFRS 17 will change fundamentally the accounting of all entities that deal with insurance and investment contracts.

The Group will apply IFRS 17 once it has been endorsed by the European Union.

The above amendment will not have a material impact on the Group.

b) Amendments to IAS 1 "Presentation of Financial Statements”

The Council has published amendments to IAS 1 that clarify the issue of presentation of liabilities as long and short-term ones. The published amendments shall apply to financial statements for periods beginning on or after 1 January 2023.

At the date of preparation of these consolidated financial statements, the amendment in question had not yet been endorsed by the European Union.

The above amendment will not have a material impact on the Group.

c) Amendments to IFRS 3 "Business Combinations"

The amendments to the standard published in May 2020 are intended to update the relevant references to the Conceptual Assumptions in IFRS, without making material changes to business combinations accounting.

The above amendment will not have a material impact on the Group.

d) Amendments to IAS 16 "Property, Plant and Equipment”

The amendment introduces a ban on adjusting the cost of production of property, plant and equipment by the amounts obtained from the sale of components produced during the period of preparation of the property, plant and equipment for operation in accordance with the management's intentions. Instead, the entity will recognise the above sales revenues and related costs directly in the income statement. The amendment shall apply to financial statements for periods beginning on or after 1 January 2022.

The above amendment will not have a material impact on the Group.

e) Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets"

The amendments to IAS 37 provide an explanation of the costs that an entity takes into account when analysing whether a contract is an onerous contract. The amendment shall apply to financial statements for periods beginning on or after 1 January 2022.

The above amendment will not have a material impact on the Group.

f) Annual Amendments to IFRS 2018 - 2020

"The annual revision of IFRS 2018-2020 introduces changes to the standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and the illustrative examples for IFRS 16 "Lease".

The amendments contain clarifications and describe more precisely the guidelines for standards on recognition and measurement.

The above amendment will not have a material impact on the Group.

g) Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Board Guidance on accounting policy disclosures in practice

The amendment to IAS 1 requires disclosure of significant information about accounting policies, which are defined in the Standard. The amendment clarifies that information about accounting policies is material if, in its absence, users of the financial statements would not be able to understand other relevant information in the financial statements. In addition, the Board's guidance on the application of the concept of materiality in practice has also been revised to provide guidance on the application of the concept of materiality to accounting policy disclosures. At the date of preparation of these consolidated financial statements, the amendments in question had not yet been endorsed by the European Union.

The above amendment will not have a material impact on the Group.

h) IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

In February 2021the Board published an amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the definition of estimates. The amendment to IAS 8 clarifies, how entities should distinguish between changes in accounting policies and changes in accounting estimates. At the date of preparation of these consolidated financial statements, the amendments in question had not yet been endorsed by the European Union.

The above amendment will not have a material impact on the Group.

i) Amendments to IAS 12 "Income Taxes"

The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and decommissioning liabilities. Prior to the amendment to the standard, there was ambiguity whether the exemption for recognising deferred tax recognised for the first time applied to this type of transaction, i.e. where both deferred tax assets and liabilities are recognised. The amendments to IAS 12 clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that give rise to equal taxable and deductible temporary differences on initial recognition.

The amendment shall apply to financial statements for periods beginning on or after 1 January 2023. At the date of preparation of these consolidated financial statements, the amendments in question had not yet been endorsed by the European Union.

The above amendment will not have a material impact on the Group.

j) Amendment to IFRS 17 "Insurance Contracts"

This amendment relates to the transitional requirements in connection with the first-time application of IFRS 17 'Insurance Contracts' and IFRS 9 'Financial Instruments'. The amendment introduces an option of improving the usefulness of information for the investors on the first application of the new standard.

The amendment applies only to the transition of insurers to the new standard and does not affect any other requirements set forth in IFRS 17.

At the date of preparation of these consolidated financial statements, the amendments in question had not yet been endorsed by the European Union.

The above amendment will not have a material impact on the Group.

k) IFRS 14 "Regulatory Deferral Accounts"

This standard allows entities that drawn up financial statements for the first time (on or after 1 January 2016) pursuant to IFRS to recognize amounts resulting from operations with regulated prices, in compliance with the previously applied accounting principles. To enhance comparability with entities that already apply IFRS and do not post such amounts, under published IFRS 14, amounts resulting from operations with regulated prices should be presented separately in both the statement of financial position, in the profit and loss account and the statement of other comprehensive income.

IFRS 14 will not be endorsed by virtue of the European Union's decision.

The above amendment will not have a material impact on the Group.

l) Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between the investor and its associates or joint ventures

The amendments solve the problem of the current inconsistency between IFRS 10 and IAS 28. Accounting recognition depends on whether non-monetary assets sold or contributed to an associate or joint venture are businesses or not.

Where a non-monetary asset is a 'business', the investor will show a full gain or loss from the transaction. If the assets do not meet the business definition criteria, the investor recognises a gain or loss excluding the portion that represents the interests of other investors.

The amendments were published on 11 September 2014. As of the date of drawing up these separate financial statements, the endorsement of this amendment is deferred by the European Union.

The above amendment will not have a material impact on the Group.

2. BUILDING CONTRACTS

The Group signs fixed-price contracts for the execution of construction contracts, mainly in the areas of apartment construction (including entire housing estates), hotels, SPA facilities, shopping malls, wind farms, power plants, production rooms, and highways.

Income and expenses generated by the building contracts underway are recognized by the Company in pace with the progress of works being made. Some Group member companies measure contract performance progress rate using the performance-based method, i.e. it determines the value of revenues and expenses under the performance of construction contracts in the period from the Contract Date to the balancing date proportionally to the progress rate of a certain contract performance by way of evaluation of the achieved results and milestones. Some of the Companies apply the method based on expenditures, i.e. they determine the value of revenue on execution of building contracts in the period from the contract date to the balance sheet date proportionally to the progress rate of execution of a certain contract by calculating the progress rate of works based on the ratio of costs recognized for the contract to the total cost budget prepared for the contract. From thus determined figures the Group deducts revenues and expenses, which affected the financial result in previous years, generating revenues and costs under building contracts executed in the current period. A change of the estimated progress rate of contract execution is treated as a change in estimate and affects the amount of revenues recognized in the period in which the change in estimate was made. If it is not possible to determine progress rate of non-finished service (including construction service) or expected total cost of service delivery in a reliable manner, then the revenues are determined at the level of costs born in a certain accounting period, however, not higher than costs, which are expected to be covered by the employer in the future.

On the other site the results of pricing (i.e., the determination of revenues and expenses using the progress rate method) are recorded as "Pricing of building contracts - assets (or liabilities)." The balances of assets under building contracts resulting from the excess of revenue recognized using the performance-based method over the invoiced revenues are subject to an impairment charge calculated similarly to the non-past due trade receivables. All building contract assets at the Level 2 of the impairment model and a simplified matrix approach (similar to trade receivables) are used to calculate the impairment loss on these assets. Due to the manner in which balances on construction contract assets are recognized, they are not subject to aging and are treated entirely as current, not past due. The works performed under building contracts are invoiced in adherence to the schedule set forth in the contract. The Group recognizes invoiced revenues in the line "Trade and other receivables" (Note 6.6) The Contractors under building contracts signed with the Group withhold a part of the payments as a performance bond for the contracts. These figures are recognized as "Building contract receivables - deposits" and are refundable most often after project completion after the end of the guarantee period.

The Group engages subcontractors to carry out work related to the execution of building contracts. The invoiced costs related to subcontractors' employment are recognized as "Trade payables and other liabilities" (Note 6.10) The Group retains a portion of payments to subcontractors in relation to performance bond, and recognizes it the line "Building contract liabilities - bid bonds". The breakdown of revenues into revenues recognized in time and items recognized at point of time is presented in Note 4.2.

In connection with the execution of building contracts and the difference in time of revenues and expenses recognition for accounting and tax purposes, the deferred income tax assets and liabilities are recognized in the statement of financial position - see Note 4.8.

The Group sets up provisions for contracts with negative margins when it has found out grounds to claim that a given building contract in progress will end with a loss. Provisions are charged into the costs of a given period at the full value of the expected loss on a given contract and are disclosed in the balance sheet under "Provisions".

The Group provides only basic guarantees to its customers, which do not represent a separate duty to perform obligation. The warranty period varies depending on the contract under implementation and the components covered.

The Group engages subcontractors to carry out work related to the execution of building contracts. The Group acts as principal with respect to work performed by subcontractors. The invoiced costs related to subcontractors' employment are recognized as "Trade payables (Note 6.10). The Group retains a portion of payments to subcontractors in relation to contract performance bond, and recognizes it in the line "Liabilities vis-a-vis subcontractors - bid bonds"

For certain building contracts executed under joint contractual arrangements in which the Group is the consortium or assignment leader, the Group has assessed that it acts as an intermediary with respect to the work performed by the other partner and which the Group as leader invoices the Employer. The Group defines its role as that of an intermediary under a certain order where it identifies specific goods and services to be delivered and the Group has no control over them before they have been transferred to the customer. When the Group acts as an intermediary, it recognizes revenue upon the fulfillment of its obligation in the contractual amount of the fee or commission to which it will be entitled, in exchange for being commissioned by another party to provide specific services or goods. Due to the nature of the concluded consortia and orders, in which the Group acts as a leader, there are no fees and commissions as described above, hence no revenues are generated in the Group from commissions for invoicing to a customer work performed by another consortium member. The Group recognizes as revenues only the amount of remuneration due for the execution of its scope of work for the customer in adherence to the policy described above.

Payment terms for building contracts provided by the Group, range from 30 to 180 days from the invoice date and for other sales transactions are typically 30 days from the invoice date. Accordingly, the signed contracts do not contain a significant financing component except for amounts invoiced for building contracts, which are repaid at a later date as they represent deposits retained by the customer. The amounts retained under individual invoices represent a maximum of 10% of the remuneration for the contract execution and are subject to release for a period of up to 5 years once the contract has been completed. Revenues under the building contracts for the portion that is retained as a bid bond is recognized at a discounted amount.

The application of the performance-based or expenditure-based method to recognize revenues and expenses under the building contracts requires an estimated work progress rate under a certain contract, i.e., the measurement of completed work at the balance sheet date (performance-based method) or an estimate of the total cost budget under a certain contract (expenditure-based method)

Performance-based method:

The physical quantity survey, used to determine the progress in contract performance, is taken by the construction site personnel. The quantity survey is carried out separately for each scope of works, i.e. elements or stages of the contract underway, according to the measures assigned to them (mainly m^2, kg and pcs.).

The Company has adequate control processes in place to ensure that the calculation of actual project outcome is based on current and reliable estimates of the quantity survey, subject to verification and approval by designated persons. The quantity survey made by construction site personnel is subject to verification by the branch manager responsible for the construction site, and then additionally by the Group's internal audit department.

Expenditure-based method:

Cost budgets for certain contracts are prepared by the Group Management in the bidding phase and updated during the financial year or when the grounds for revision of the cost or revenue budget have been identified. If between official budget revisions there are events that have material impact on contract performance, the value of total revenues or contract costs is updated on an ongoing basis, i.e. changes in the scope of the contract are reflected in the Group's internal system immediately after they are negotiated by the Group with the customer.

The Group keeps track of projects being implemented - construction contracts in the internal system used for project management. Information concerning certain contract, its progress rate, is entered into the system by the Contract/Site Manager and then approved by the Branch Manager responsible for the construction site. The budgets of individual contracts are subject to the formalized updating process during the year, based on current information, and are approved by the Management Board. If between official budget revisions there are events that have material impact on contract performance, the value of total revenues or contract costs is updated on an ongoing basis, i.e. changes in the scope of the contract are reflected in the Group's internal system immediately after they are negotiated by the Group with the customer.

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2.1. INCOME AND EXPENSES UNDER BUILDING CONTRACTS

The income and expenses figures under building contracts for the accounting period and on YTD basis are presented in the table below.

	For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
	Contracts in the period	Contracts in the period
Figures recognised in the accounting period		
Income under building contracts, YTD	2,700,958	1,988,503
Costs under building contracts,	2,406,748	1,838,433
Net income before recognition and settlement of provisions for the contracts generating net liabilities	**294,210**	**150,070**
Setting up provisions for the contracts generating net liabilities	1,771	-
Release /utilisation of provisions set up in the previous periods	2,864	-
Gross profit/loss	**293,117**	**150,070**
Gross profit margin		
excluding provisions for the contracts generating net liabilities	11%	8%
including provisions for the contracts generating net liabilities	11%	8%

Gross profit margin is defined as gross profit on sales divided by sales revenues.

2.2. RECEIVABLES AND LIABILITIES UNDER BUILDING CONTRACTS - BID BONDS

Receivables under building contracts - bid bonds are held to collect contractual cash flows that comprise solely payment of principal and interest ('SPPI' Solely payment of principal and interest) and are measured at amortized cost subject to impairment allowance, if any. At initial recognition, these financial assets are recognised at nominal value, i.e. at amounts initially invoiced less the value of discounts. The discount value calculation methods is presented in Note 6.5. The value of bid bonds receivable is updated by the Group with impairment losses recognised in accordance with the Accounting Policy referred to in Note 6.5. and presented under "Impairment losses on financial assets" in the Statement of profit or loss.

Bid bonds liabilities are measured at initial recognition at fair value (i.e., the amount of payments discounted using the current market interest rate for such liabilities) and the cost of subcontractor services is recognized at that level. . In later periods, bid bond liabilities are measured at amortized cost, whereas interest expense is recognized in the line of financial expenses.

			2021			2020
	Refund below 12 months	Refund above 12 months	Total	Refund below 12 months	Refund above 12 months	Total
Receivables under building contracts - discounted bid bonds	15,440	16,822	**32,262**	25,734	13,425	**39,159**
Revaluation write-off for impairment	(251)	(2,390)	**(2,641)**	(707)	(1,421)	**(2,128)**
Receivables under building contracts - bid bonds	15,189	14,432	**29,621**	**25,027**	**12,004**	**37,031**
Liabilities vis-a-vis subcontractors - discounted bid bonds	**130,829**	**15,855**	**146,684**	124,460	15,901	**140,361**

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2.3. DETERMINATION OF OUTSTANDING AMOUNT RELATED TO NON-COMPLETED BUILDING CONTRACTS

	2021	2020
Revenues under non-completed building contracts YTD	3,564,549	2,817,785
Invoiced receivables from customers, YTD (excl. advances)	3,484,845	2,878,977
Balance of payments under non-completed building contracts	**79,704**	**(61,192)**
including:		
(1) Assets for completed, non-invoiced construction works, gross	199,795	103,195
Asset impairment write-off under building contracts	(1,327)	(977)
(1a) Assets for completed, non-invoiced construction works, net	198,468	102,218
(2) Payables for non-completed invoiced construction works - liabilities under building contracts	118,764	163,410
Costs related to building contracts, YTD	1,737,487	1,795,705
Losses posted on YTD basis	274	-
Subcontractor expense and own expenses on a YTD basis.	1,765,803	1,832,720
Balance of payments under building contracts	**28,316**	**37,015**
including:		
(3) Assets for non-completed, invoiced construction works of the subcontractors	103,670	76,888
(4) Liabilities for due and payable non-completed, invoiced construction works of the subcontractors	75,354	39,873
Balance of payments under building contracts	**108,020**	**(24,177)**
including:		
Pricing of building contracts - liabilities - TOTAL	**302,138**	**179,106**
Pricing of building contracts - balance settlement (2)+(4)	194,118	203,283
Building contract liabilities - advanced paid	49,930	31,180
Pricing of building contracts - liabilities - TOTAL	**244,048**	**234,463**

At all dates that are initial dates of the periods indicated in the table above, the total opening balances were recognized as revenues in the period.

Changes in the value of assets and liabilities from the pricing of contracts result from the specific nature of settlement of building contracts and invoicing schedules for individual contracts.

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3. CAPITAL AND DEBT MANAGEMENT

3.1. CAPITAL MANAGEMENT

Share capital comprises common stock and is carried at par value (in adherence to the Articles of Association of the Parent Company and an entry made into the National Court Register).

Share premium is the amount equal to the surplus of price for acquisition of shares in Parent Company above their nominal value. It is recognised in the line "Share premium reserve capital".

Other supplementary capitals are set up mainly from retained earnings including amounts obligatorily appropriated to the reserve capital in accordance with the requirements of the Commercial Companies Code.

Reserve capitals are created from retained earnings for the purposes indicated in the Articles of Association.

Equity allocated to the non-controlling interests represents a part of equities of subsidiaries covered with full consolidation that belongs to other stakeholders than the entities that are Group members.

Net profit (loss) of subsidiaries partially owned by the stakeholders other than members of the Group represents profit (loss) of the non-controlling interests.

The Company's supplementary capital is set up in accordance with the provisions of the Polish Commercial Companies Code and the decisions of the shareholders. Pursuant to the Commercial Companies Code, a supplementary capital should be set up to cover losses, that should account for at least 8% of the profit for a certain accounting year, until the supplementary capital reaches at least one third of the share capital. the supplementary capital set up in this manner is not subject to distribution. The General Meeting of Shareholders decides on the use of the supplementary and reserve capital, however, a part of the supplementary capital may be used only to cover the loss reported in the financial statements and is not subject to distribution into other purposes.

The Group manages its capital structure and as a result of changes in economic conditions, it modifies its capital structure.
In order to maintain or adjust the capital structure, the Group may manage appropriately the dividend payment to shareholders or issue to new shares.

The main objective of the Group's capital management is to maintain a good credit rating and safe equity ratios in order to support the Group's operations and enhance shareholders' value.

On 19 February 2021, ONDE S.A. issued 1,105,000 shares under the employee plan. All shares issued under the plan were subscribed for by the employees. The shares were granted to employees in exchange for past service, hence the Group recognized the cost on a one-off basis when the employees acquired shares. The fair value of the employee plan was estimated as the product of the value of one resulting from the Group valuation less the price at which employees could subscribe for shares and the number of shares issued.

The cost of the incentive plan was recognized in the statement of profit or loss on a one-off basis due to the fact that the employees covered by the plan acquired their rights to benefits on a one-off basis. Other contractual provisions, including the option to repurchase shares by the ONDE S.A., are only protective in nature and the ONDE S.A. has no intention to exercise the above provisions.

Return on Equity - ROE

	2021	2020	The level of ratio assumed by the Management Board
(1) Net profit attributable to the shareholders of Parent Company	35,170	59,518	
(2) Equity	684,733	310,493	
ROE [(1)/(2) * 100%]	**5.14%**	**19.17%**	**above 7%**

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After adjusting for the effect of one-off events (i.e. share-based remuneration, IKR acquisition costs, posted bonuses for the personnel accrued due to the sales of ONDE shares), the adjusted gross profit figure is 74,659 and the adjusted ROE is 10.90%.

Debt ratio

	2021	2020	The level of ratio assumed by the Management Board
(1). Liabilities and provisions for liabilities	1,148,457	889,370	
(2) Total assets	1,833,190	1,199,863	
Debt ratio [(1)/(2) * 100%]	**62.65%**	**74.12%**	**not higher than 80%**

*"Liabilities and provisions for liabilities" are the sum of all long-term liabilities and short-term liabilities recognised in the Statement of financial position.

In all the presented periods, the debt ratio was within the range defined by the Management Board as the ratio target level.

Debt-to-equity ratio

	2021	2020	The level of ratio assumed by the Management Board
(1). Liabilities and provisions for liabilities	1,148,457	889,370	
(2) Equity	684,733	310,493	
Debt-to-equity ratio [(1)/(2)]	**167.72%**	**286.44%**	**not higher than 350%**

"Liabilities and provisions for liabilities" are the sum of all long-term liabilities and short-term liabilities recognised in the Statement of financial position.

In all the presented periods, the deb-to-equity ratio was within the range defined by the Management Board as the ratio target level.

The most important driver of the above ratios and their value as the Group's net profit.

Share capital

As of 31 September 2021, the share capital consisted of 12 399 359 shares with a total value of PLN 1,239,935.90 thousand, and the structure of shareholders holding over 5% of the share capital and members of the Management Board and entities controlled by them was as follows:

Shareholder	No. of shares	% shareholding in share capital
Wolff & Müller Baubeteiligungen GmbH & Co. KG	3,645,090	29.39%
Wolff & Müller Holding GmbH & Co. KG	265,689	2.14%
Durr Holding GmbH	12,712	0.10%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	2,011,731	16.22%
NATIONALE - NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A (Nationale-Nederlanden Universal Pension Society) (former ING PTE)	1,200,000	9.68%
AVIVA Open-End Pension Fund Aviva Santander	1,183,146	9.54%
Dariusz Grzeszczak	728,787	5.88%
PKO BP Bank Open-Ended Pension Fund	715,279	5.77%
Jacek Leczkowski	5,112	0.04%
Agnieszka Głowacka	3,938	0.03%
Albert Dürr	13,840	0.11%
ERBUD SA - own shares without voting rights at General Meeting of Shareholders	302,857	2.44%
Other shareholders	2,311,178	18.66%
Total	**12,399,359**	**100%**

As of 31 December 2021 and the date of publication of this report, ERBUD SA holds 302,857 of own shares, that account for 2.44% of total shareholders' equity.

The 302,857 shares referred to above have not yet been redeemed by the Company, so the share capital remains unchanged at PLN 1,239,935.90 .

The Company's Articles of Association do not grant the shareholders, referred to hereinabove, any personal rights vis-a-vis Erbud S.A., and in particular do not grant the right to appoint members neither Company's Management nor Supervisory Boards.

The number of shares making up the approved capital equals to the number of shares issued. The par value per share for all share series is PLN 0.10. No shares were reserved for the purposes of the issue related to the exercise of put options. All issued shares are ordinary non-preference shares. There are no limitations on rights to shares or limitations on share transferability.

Acquisition of own shares

On 7 June 2021, the buyback of ERBUD S.A.'s own shares initiated by Resolution No. 18/2021 of the Company's Annual General Meeting of 11 May 2021 was completed.

As part of the buy-back process, sales offers were made for a total number of 11,901,744 Company shares. Due to the fact that the total number of the Company's shares submitted by the Company's shareholders for sale under the Company's Tender offer exceeded the total number of shares the Company intended to acquire under the Tender Offer, the Company made a proportional reduction of the Company's share sales offers, applying the reduction rules defined in detail in the Tender Offer. The average reduction rate of the share sales offers submitted was 98.66%. In total, the Company acquired own shares worth PLN 20,000 thousand.
The Own Shares acquired by the Company account for 1.29% of the Company's share capital and of the total vote at the Company's General Meeting of Shareholders. The purpose of the acquisition of the Own Shares is to redeem Own Shares and subsequently to reduce the Company's share capital, pursuant to Art. 359 of the Polish Companies' Code.

ERBUD S.A. shares are ordinary bearer shares and are not preferential shares. No special control rights are attached to the Company's shares. The Articles of Association of ERBUD S.A. also does not impose any restrictions on the transfer of ownership of shares issued by the Company, on exercising voting rights, and does not include provisions under which the equity rights attached to securities are separated from the owning of securities. The Company is not aware of any restrictions on the exercise of voting rights by holders of a specified proportion or number of votes, or any time limitations on the exercise of voting rights.

On 7 June 2021, the buyback of ERBUD S.A.'s own shares initiated by Resolution No. 77/2021 of the Company's Supervisory Board, dated 28 October 2021 was completed.

The total amount for which the Company will acquire Own Shares did not exceed the total amount of: 50,000.00 (in words: fifty million PLN);

The total number of Own Shares to be acquired under the Tender offer shall not exceed: 142,857 shares; (in words: one hundred and forty-two thousand eight hundred and fifty-seven shares)

The price at which Own Shares will be acquired: PLN 350.00 (in words: three hundred and fifty Polish zlotys) per Own Share and was determined taking into account the terms and conditions set forth in the Resolution;

The buy-back of own shares was carried out.

On 16 December 2021, mBank S.A. Brokerage House sent the Company a summary of the share buy-back process.

As part of the buy-back process, sales offers were made for a total number of 11,952,912 Company shares. Due to the fact that the total number of the Company's shares submitted by the Company's shareholders for sale under the Company's Tender offer exceeded the total number of shares the Company intended to acquire under the Tender Offer, the Company made a proportional reduction of the Company's share sales offers, applying the reduction rules defined in detail in the Tender Offer. The average reduction rate of the share sales offers submitted was 98.80%.

The Own Shares acquired by the Company account for 1.15% of the Company's share capital and of the total vote at the Company's General Meeting of Shareholders without voting rights.

Following the acquisition of Own Shares, the Company will hold a total of 302,857 own shares, representing 2.44% of the share in the share capital of the Company and in the total number of votes of the Company.

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As of the Report Date, the Company did not have information about contracts, which could result in future changes in the percentage structure of shares held by the existing shareholders.

Basic earnings per share (EPS) are calculated by dividing net profit /(loss) for the period, allocated to ordinary shareholders of the Company, by the weighted average number of the issued ordinary shares over the accounting period. Own shares bought back by the Company for redemption are excluded from the calculation of the weighted average number of shares for the periods presented.

For purposes of calculating diluted earnings per share, net income/(loss) for the reporting period attributable to ordinary shareholders and the weighted average number of ordinary shares for the accounting period are adjusted for the effect of all diluting potential ordinary shares. Diluted earnings per share is equal to basic earnings per share as the Company has no dilutive instruments.

Stock split effected both during and after the accounting period adjust the weighted average number of ordinary shares for purposes of computing basic and diluted earnings per share for all periods presented.

	For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
Net profit/loss	21,338	50,373
Average weighted number of ordinary shares (in pcs.)	12,303,140	12,780,128
Basic and diluted earnings per share (in PLN)	**1.73**	**3.94**

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3.2. NET DEBT

		2021	2020
Note 3.8.	**Cash and cash equivalents and restricted cash (A)**	**374,065**	**315,537**
Note 3.3.	Credit and loan liabilities	46,496	11,921
Note 3.4.	Debt related to issued bonds	75,586	-
Note 3.5.	Lease liabilities	33,078	23,952
	Long-term debt	**155,160**	**35,873**
Note 3.3.	Credit and loan liabilities	43,523	24,249
Note 3.4.	Debt related to issued bonds	-	52,000
Note 3.5.	Lease liabilities	15,212	15,340
	Short-term debt	**58,735**	**91,589**
	Total debt (B)	**213,895**	**127,462**
		160,170	**188,075**

The Group defines net debt as the balance of credits and loans borrowings and leases less cash and cash equivalents (including restricted cash classified as short-term assets). If there is an excess of cash and cash equivalents over debt, the net amount is defined by the Group as 'cash and cash equivalents'.

Changes in debt during the reporting periods presented were as follows:

Debt related to:	Credits and loans	Issued bonds	Lease	Total debt
As of 1 Jan. 2020	135,628	52,000	44,820	**232,448**
Income from credits and loans taken - financing granted	27,712	-	8,606	**36,318**
Entering into lease contracts	-	-	-	**-**
Accrued interest on debt	2,004	2,343	1,455	**5,802**
Expenses related to debt taken out - principal repayment	129,849	-	9,495	**139,344**
Expenses related to debt taken out - interest repayment	3,280	2,343	904	**6,527**
FX differences related to the debt in foreign currencies	4,953	-	210	**5,163**
Other non-cash changes	(998)	-	(5,400)	**(6,398)**
Change of debt in the accounting period	**(99,458)**	**-**	**(5,528)**	**(104,986)**
As of 31 Dec. 2020	**36,170**	**52,000**	**39,292**	**127,462**
Increase due to acquisition	10	-	-	**10**
Income from credits and loans taken - financing granted	72,952	75,000	1,353	**149,305**
Entering into lease contracts	-	-	23,173	**23,173**
Accrued interest on debt	2,064	2,999	1,250	**6,313**
Expenses related to debt taken out - principal repayment	19,720	52,000	8,874	**80,594**
Expenses related to debt taken out - interest repayment	1,446	2,413	932	**4,791**
FX differences related to the debt in foreign currencies	(107)	-	(12)	**(119)**
Other non-cash changes	96	-	(6,960)	**(6,864)**
Change of debt in the accounting period	**53,849**	**23,586**	**8,998**	**86,433**
As of 31 Dec. 2020	**90,019**	**75,586**	**48,290**	**213,895**

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3.3. CREDIT AND LOAN LIABILITIES

Credit and loan liabilities are initially recognized at fair value less transaction costs. At each balancing date, credits and loans are priced at amortized cost using effective interest rate.

	2021	2020
Long-term		
Bank loans	46,496	11,921
	46,496	**11,921**
Short-term		
Overdraft facilities	22,362	3,742
Bank loans	14,260	19,567
Loans	6,901	940
	43,523	24,249
Total credit and loan liabilities	**90,019**	**36,170**

	12/31/2021. In the functional currency	12/31/2021. In foreign currency EUR	12/31/2020. In the functional currency	12/31/2020. In foreign currency EUR
Loans and borrowings				
Long-term	46,496	-	11,921	-
Short-term	37,144	6,379	24,249	-
Total	**83,640**	**6,379**	**36,170**	**-**

Loans and borrowings shown as long-term and short-term interest bearing at 1M WIBOR + 1.5%-2.8% and 3M Euribor + 2.2%.

As of the specified balance sheet dates, the fair value of loans and advances was not materially different from the amortized cost measurement. The fair value of credits and loans is estimated using DCF models based on cash flows reflecting the repayment schedule of loans granted. The discount rate was assumed to be WIBOR 1M per day plus a fixed percentage expressing the risk premium. Long-term credits and loans measured at amortized cost are classified at Level 2 of the fair value hierarchy.

As at the balance sheet date of 31 December 2021, the ERBUD Group has access to bank and multi-purpose insurance lines with the total value of PLN 1 708 251 thousand, which may be used mainly for bank loans or guarantees or for insurance guarantees. As at the balance sheet date of 31 December 2021, the ERBUD Group utilized PLN 69,621 thousand to take out loans and PLN 820,273 thousand to take out bank and insurance guarantees.

As of the balance sheet date of 31 December 2020 the ERBUD Group had access to bank and insurance multi-purpose lines with a total value of PLN 1,281,146 thousand , which can be used mainly for loans or bank and insurance guarantees. As at the balance sheet date of 31 December 2020, the ERBUD S.A. utilized PLN 35,213 thousand to take out loans and PLN 688,385 thousand to take out bank and insurance guarantees.

Covenants

During the year, as of 31 September 2021 and up to the date of approval of the financial statements, all covenants have been met, similar to the previous year.

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3.4. DEBT RELATED TO ISSUED BONDS

Liabilities related to issued bonds are initially recognized at fair value less transaction costs. At each balancing date, the issued bond liabilities are priced at amortized cost using effective interest rate.

As of balance sheet date, the Group had the following outstanding debt in relation to issued bonds posted into long-term liabilities:

Issue date	Type of issued bonds	Currency (specify whether functional or foreign currency)	Interest rate	Maturity date	Purpose of financing	Par value of shares	
						31 Dec. 2021.	31 Dec. 2020
27 Sept. 2017	C series bearer shares, dematerialized, unsecured	functional	WIBOR 6M + 3%	27 Sept. 2021	financing of an increased working capital requirement	-	52,000
23 Sept. 2021	D-series bearer shares, dematerialized, unsecured	functional	WIBOR 6M + 2.6%	23 Sept. 2025	financing of an increased working capital requirement	75,586	
			Total long-term liabilities			**75,586**	**52,000**

On 20 September 2021, the Company's Management Board adopted a resolution to make an initial allocation of 75,000 D-series bonds (the "Bonds"). The total nominal value of the Bonds is PLN 75.000 thousand. The Company has set the margin for the Bonds at 2.60% per annum. The Bonds were allocated subject to the condition precedent that the final settlement of the Bonds acquisition transaction under the issue performed by the National Depository for Securities will take place on 23 September 2021.

On 23 September 2021 the National Depository for Securities performed the final settlement of the issued bonds.

Once the bond issue expenses have been deducted, the bond issue proceeds were used for:
refinancing of the debt due to the Company's series C bonds in the amount of PLN 52,000 thousand plus accrued interest. As of 2021 September, the Group repaid bonds worth PLN 52,000 thousand along with accrued interest. Otherwise, the Group will use the funds to finance its core business and for acquisitions of stakes in the companies in the industrial services sector in Poland and Germany.

"Consolidated Net Financial Debt Ratio" means the quotient of Consolidated Net Financial Debt and Consolidated Equity.	**(0.33)**
Consolidated long-term and short-term debt	**213,895**
Cash assets	**424,810**
Adjusted equity by goodwill and intangible assets	**633,586**

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The item Consolidated long-term and short-term debt represents the sum of debt due to loans, borrowings, leases and bonds issued.

Cash represents the sum of cash and cash equivalents, cash held in a VAT account and restricted cash.

The item Adjusted equity by goodwill and intangible assets represents the value of equity less goodwill and intangible assets.

3.5. LEASE LIABILITIES

Detailed disclosure on the implementation of IFRS 16 standard is presented in Note 3.5.

		2021	2020
Period		**Nominal value of minimum payments**	**Nominal value of minimum payments**
Below 1 year	Short-term	16,502	15,670
Above 1 year	Long-term	39,161	28,147
Nominal value of minimum payments		**55,663**	**43,817**
Future lease costs		7,373	4,525
Present value of minimum payments		**48,290**	**39,292**
Below 1 year	Short-term	15,212	15,338
Above 1 year	Long-term	33,078	23,954

3.6. ASSETS USED AS COLLATERALS FOR DEBT-RELATED LIABILITIES

As of 30 December 2021 and 31 December 2020, collateral for debt obligations on tangible fixed assets are presented below.

	2021	2020
Tangible fixed assets	36,601	18,811
Total	**36,601**	**18,811**

For information on credit and loan related debt, see Note 3.3.

3.7. CONTINGENT ASSETS AND LIABILITIES

	Contingent assets		Contingent liabilities	
	2021	2020	2021	2020
Other items				
Guarantees and sureties	222,716	136,142	956,762	739,514
Bills of exchange	654	857	14,204	30,881
Litigations	1,152	-	48,523	46,682
Including dispute against Warsaw Modlin Airport (MPL)	-	-	34,381	34,381
Total	**224,522**	**136,999**	**1,019,489**	**817,077**

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Contingent assets include guarantees and sureties received by the Group from subcontractors under performance bonds and implied warranties.

Contingent liabilities of the Group relate primarily to orders to extend guarantees by the Group and banks to the Group's contractors to secure their claims under construction contracts, mainly performance bonds and bid bonds.

3.8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and cash in hand as well as short-term deposits with maximum maturity of three months.

The Group has at its disposal cash with restricted availability. This group primarily includes funds pledged as security for bank guarantees issued in connection with building contracts executed by the Group.

The Group posts restricted cash in a separate line in the statement of financial position as it does not meet the definition of cash and cash equivalents due to its inability to be used in the short term for the Group's requirements.

Cash held in VAT bank accounts does not meet the criteria for presentation as cash and cash equivalents and is presented in a separate line in the balance sheet.

The classification adopted for presentation in the statement of financial position is consistent with the classification of these funds in the Cash Flow Statement.

Cash and cash equivalents and cash in VAT and bank accounts meet the SPPI test and the "held for collection" business model test, and are therefore measured at amortized cost with an impairment charge determined in accordance with the expected loss model.

	2021	2020
Cash in hand	121	119
Cash at bank	363,089	292,469
Total cash and cash equivalents	**363,210**	**292,588**

The amount of the impairment loss on cash is immaterial.

Cash on VAT bank accounts as 30 December 2021 totalled PLN 50,745 thousand. (as of 31 December 2020 they totalled PLN 30,753 thousand)

As 30 December 2021 cash on VAT bank accounts totalled PLN 10,855 thousand. (as of 31 December 2020 they totalled PLN 22,949 thousand)

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4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.1. ALTERNATIVE PERFORMANCE MEASURES

The Management Board analyses segment performance using Key Performance Indicators such as EBIT, adjusted EBIT, EBIT margin, adjusted EBIT margin and EBITDA and adjusted EBITDA. The Management Board of the Group considers the aforementioned measures as important additional performance measures and therefore presents them in the report next to the measures defined by IFRS. It should be borne in mind that EBIT, as well as EBIT and EBITDA margins these are not KPIs defined in IFRS and they do not represent standardized measures, therefore their calculation methods may differ from one entity to another in the market. Accordingly, these KPIs should not be analysed in isolation or as substitutes for measures defined by IFRS.

EBITDA and EBIT are measures showing the results achieved by the Group after eliminating the impact of income tax, financing costs and, in the case of EBITDA, depreciation and amortization.

EBITDA is defined as profit after tax (net income), plus income tax expense, finance costs and depreciation and amortization, less financial income. . The adjusted EBITDA is defined as EBITDA after taking out one-off events.

The Group defines EBIT as a profit after tax (net income), plus finance costs and minus finance income. The adjusted EBIT is defined as EBIT after taking out one-off events.

The EBIT margin is a measure that shows the Company's profitability ignoring the impact of income taxes and finance costs and revenues. The Group defines EBIT margin (adjusted EBIT margin) as EBIT (adjusted EBIT) divided by sales revenues from goods and services.

	2021	2020
Net profit /(loss) for the accounting period	**21,338**	**50,373**
Income tax	64,057	13,880
Gross profit	**85,395**	**64,253**
Share in net profits/losses of equity-accounted subsidiaries	(156)	-
Financial expenses	14,080	13,446
Financial income	8,817	7,081
EBIT	**90,814**	**70,618**
One-off expenses	39,489	-
Adjusted profit before tax	**124,884**	**64,253**
Adjusted EBIT	**130,303**	**70,618**
Amortization and depreciation	27,649	22,941
EBITDA	**118,463**	**93,559**
Adjusted EBITDA	**157,952**	**93,559**
Revenues from sales of products and services	3,102,095	2,228,344
EBIT margin	**3%**	**3%**
Adjusted EBIT margin	**4%**	**3%**

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For the purposes of analysing performance, the management uses the measure of adjusted EBIT as defined above. In the data for 12 months of 2021 such events were share-based remuneration expenses totalling PLN 28,343 thousand, being non-cash expenses and costs borne to acquire IKR GmbH totalling PLN 3,115. and posted bonuses for the personnel accrued due to the sales of ONDE shares in the amount of PLN 8,031 thousand.

4.2. ACCOUNTING SEGMENTS

Based on the management accounting presented to the main operational decision-maker (i.e. the Management Board of the Parent Company), the Company identified eight basic accounting segments:

- residential/commercial buildings at home,
- residential/commercial buildings in foreign countries,
- road engineering construction services,
- RES construction,
- industrial construction at home,
- industrial construction in foreign countries,
- hydro-engineering segment
- other segments.

The operations were broken down into individual segments by classifying the significance of operations into the segment. Such a breakdown corresponds to the distribution of the main risks and returns on expenses incurred.

The financial data prepared for the purposes of management reporting, which is the basis for data on reportable segments, follows the same accounting principles as those applied to the preparation of the Group's Separate Financial Statements.

Management analyses segment performance using key performance indicators such as EBIT, EBIT and EBITDA margins and the aforementioned measures adjusted appropriately for the effect of one-off events.

For the period until 31 December 2021 and through the date of approval of the Condensed Consolidated Financial Statements, there are no one-off events that would have a material impact on the accounting segments, except for share-based remuneration granted, IKR acquisition expenses and posted bonuses for the personnel accrued due to the sales of ONDE shares.

Estimates presented in prior periods have not materially changed from the historical information prepared as of 31 December 2020.

Key information on segments in the accounting periods Jan. 2021 - Dec. 2021 and Jan. 2020 - Dec. 2020

The Group operates in Poland and abroad (in Germany, Belgium, Norway, France, Sweden and Austria). Revenues from external customers and assets in any country other than Poland are not significant, therefore they were aggregated in the total line and disclosed as "Foreign operations".

	For the period of 12 months, ended on 31 Dec. 2021			For the period of 12 months, ended on 31 Dec. 2020		
	At home (Poland)	Foreign countries	Total	At home (Poland)	Foreign countries	Total
Sales to third party customers, of which:	2,688,583	413,512	**3,102,095**	1,848,736	379,608	**2,228,344**
Accrued and deferred income	2,550,369	150,589	**2,700,958**	1,715,617	272,886	**1,988,503**
Income recognized at a certain point in time	138,214	262,923	**401,137**	133,119	106,722	**239,841**
Fixed assets other than financial instruments and deferred tax assets	179,395	51,209	**230,604**	107,637	44,304	**151,941**

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Data concerning revenues and results as well as assets and liabilities in individual accounting segments are presented in the table below.

For the purposes of financial data analysis in the accounting segments, the Group Management eliminates the impact of one-off events referred to in Note 4.1.

										For the period of 12 months, ended on 31 Dec. 2021
	Domestic building construction	Residential/commercial buildings in foreign countries,	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Hydro-engineering segment	Renewable energy sources segment	Modular timber construction	Other segments	Total continued activities
Sales to third party customers	1,219,358	157,045	278,022	236,414	256,467	1,641	932,452	43	20,653	**3,102,095**
Total sales revenues	**1,219,358**	**157,045**	**278,022**	**236,414**	**256,467**	**1,641**	**932,452**	**43**	**20,653**	**3,102,095**
Segments' performance and reconciliation with gross profit of the Group										
Cost of goods sold (COGS)	1,163,404	133,901	261,933	214,539	219,313	1,641	807,896	-	6,153	**2,808,780**
Sales margin	**55,954**	**23,144**	**16,089**	**21,875**	**37,154**	**-**	**124,556**	**43**	**14,500**	**293,315**
Sales margin %	5%	15%	6%	9%	14%	-	13%	-	70%	9%
Other operating profit/loss	(46,531)	(18,729)	(11,022)	(20,295)	(14,320)	(1,033)	(35,224)	(1,264)	(14,594)	**(163,012)**
One-off expenses	-	-	-	-	3,115	-	-	-	(36,374)	**(39,489)**
Segment performance – EBIT	**9,423**	**4,415**	**5,067**	**1,580**	**19,719**	**(1,033)**	**89,332**	**(1,221)**	**(36,468)**	**90,814**
Segment performance - adjusted EBIT	**9,423**	**4,415**	**5,067**	**1,580**	**22,834**	**(1,033)**	**89,332**	**(1,221)**	**(94)**	**130,303**
EBIT margin	1%	3%	2%	1%	8%	(63%)	10%	(2840%)	(177%)	3%
EBIT margin, adjusted	1%	3%	2%	1%	9%	(63%)	10%	(2840%)	0%	4%
Share in net profits/losses of equity-accounted subsidiaries									(156)	(156)
Profit (loss) on financial activities (financial income less financial expenses)										**(5,263)**
Gross profit/loss										**85,395**
Adjusted profit before tax										**124,884**
Income tax										**64,057**

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Net profit/loss										**21,338**
Amortization and depreciation	9,282	1,898	3,776	5,370	3,879	-	2,826	38	580	**27,649**
Segment performance – EBITDA	**18,705**	**6,313**	**8,843**	**6,950**	**23,598**	**(1,033)**	**92,158**	**(1,183)**	**(35,888)**	**118,463**
Segment performance - adjusted EBITDA	**18,705**	**6,313**	**8,843**	**6,950**	**26,713**	**(1,033)**	**92,158**	**(1,183)**	**486**	**157,952**
Assets and liabilities										
Pricing of building contracts - assets	**112,204**	**10,791**	**34,897**	**16,463**	**43,348**	**-**	**84,435**	**-**	**-**	**302,138**
Other assets								**-**		**1,531,052**
Total assets								**-**		**1,833,190**
Pricing of building contracts - liabilities	**133,214**	**19,443**	**6,586**	**33,413**	**5,737**	**-**	**45,655**	**-**	**-**	**244,048**
Other liabilities								**-**		**1,589,142**
Total liabilities								**-**		**1,833,190**
Other material items										
Share in performance of associates and joint-ventures measured with equity method	-	-	-	-	-		(156)		-	**(156)**
Loss reversal/(impairment) of financial assets and contract valuation assets	(5,348)	(7,143)	(361)	(1,194)	(25)	-	(1,065)	-	(51)	**(15,187)**
Capital expenditures on tangible fixed and intangible assets	38,744	324	1,465	1,167	5,630	-	4,461	32,776	505	**85,072**
Interest income	5,132	398	2,649	1	1	-	4	-	-	**8,185**
Interest expenses	5,865	653	589	689	1,406	-	10	14	18	**9,244**

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	Domestic building construction	Residential/commercial buildings in foreign countries,	Road engineering construction	Industrial construction segment at home	Industrial construction segment in foreign countries	Hydro-engineering segment	Renewable energy sources segment	Modular timber construction	Other segments	Total continued activities
Total income										
Cross segment sales	(100,405)	-	-	(14,500)	-	-	-	-	-	**(114,905)**
Sales to third party customers	1,151,977	256,096	105,184	225,432	123,512	-	481,048	-	-	**2,343,249**
Total sales revenues	**1,051,572**	**256,096**	**105,184**	**210,932**	**123,512**	**-**	**481,048**	**-**	**-**	**2,228,344**
Segments' performance and reconciliation with gross profit of the Group										
Cost of goods sold (COGS)	973,206	237,405	95,027	190,428	104,311	-	434,451	-	-	**2,034,828**
Sales margin	**78,366**	**18,691**	**10,157**	**20,504**	**19,201**	**-**	**46,597**	**-**	**-**	**193,516**
Sales margin %	7%	7%	10%	10%	16%	-	10%	-	-	9%
Other operating profit/loss	(60,974)	(19,997)	(2,027)	(17,711)	(6,951)	-	(14,179)	-	(1,059)	**(122,898)**
Segment performance – EBIT	**17,392**	**(1,306)**	**8,130**	**2,793**	**12,250**	**-**	**32,418**	**-**	**(1,059)**	**70,618**
EBIT margin	2%	-1%	8%	1%	10%	-	7%	-	-	**3%**
Profit (loss) on financial activities (financial income less financial expenses)										**(6,365)**
Gross profit/loss										**64,253**
Income tax										**13,880**
Net profit/loss										**50,373**
Amortization and depreciation	6,520	1,985	4,157	5,392	2,902	-	1,507	-	478	**22,941**
Segment performance – EBITDA	**23,912**	**679**	**12,287**	**8,185**	**15,152**	**-**	**33,925**	**-**	**(581)**	**93,559**
Assets and liabilities										
Pricing of building contracts - assets	**115,493**	**4,267**	**8,196**	**25,847**	**3,993**	**-**	**21,310**	**-**	**-**	**179,106**

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Other assets										**1,020,757**
Total assets										**1,199,863**
Pricing of building contracts - liabilities	**97,393**	**9,099**	**16,283**	**30,896**	**533**	**-**	**80,259**	**-**	**-**	**234,463**
Other liabilities										**965,400**
Total liabilities										**1,199,863**
Other material items										
Loss reversal/(impairment) of financial assets and contract valuation assets	967	(1,147)	762	(443)	26	-	-	-	(49)	**116**
Capital expenditures on tangible fixed and intangible assets	4,374	303	1,443	2,316	4,675	-	-	-	304	**13,415**
Interest income	3,246	23	624	97	2	-	-	-	5	**3,997**
Interest expenses	4,661	2,780	958	735	1,103	-	-	-	31	**10,268**

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4.3. SALES REVENUES

Approximately 90% of its revenues the Group generates from the performance of building contracts. Details on the recognition of this category of revenues are provided in Note 2.1.

The main revenue estimates concern the recognition of revenue from construction contracts. They are referred to in Note 2.1.

The following table provides information on the aggregate amount of transaction prices allocated to service obligations not performed or not fully performed as of the balance sheet date under building contracts.

	31 Dec. 2021	31 Dec. 2020
Total value of opened contracts	6,374,817	5,119,310
Cumulative value of revenues under open contracts recognized through the reporting date	3,564,549	2,817,785
The revenues in value terms to be recognized in subsequent periods under open contracts	2,810,268	2,301,525
Long-term (revenues to be realized within one to three years from the balance sheet date)	1,069,354	505,638
Short-term (revenues to be realized below one year from the balance sheet date)	1,740,914	1,795,887

Due to the specific nature of the long-term contracts under implementation, it is not possible to estimate precisely the time horizons within which the revenues from the contracts commenced as at a given balance sheet date will be recognized over a period longer than one year.

Revenues generated by the Group originate from the execution of construction works in Poland and the European Union and from other sales to local customers.

Figures concerning revenues are presented in note 4.2 Reporting segments.

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4.4. COST OF GOODS SOLD (COGS)

	For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
Third party services	1,684,317	1,261,944
including third party services from subcontractors	1,384,534	1,160,334
Material and energy consumption	782,165	383,830
Employee benefit expenses	437,080	333,718
Including remuneration consisting of shares	28,343	-
Amortization and depreciation	27,649	22,941
Taxes and charges	11,353	8,683
Other cost categories	31,825	20,433
Value of merchandise and materials sold	2,978	1,941
Total costs by type	**2,977,367**	**2,033,490**
Change in the balance of products, work in progress and accrued expenses under building contracts	28,162	128,903
Cost of sales (negative value)	(10,830)	(9,009)
General management and administration costs (negative value)	(185,919)	(118,556)
Manufacturing costs of products sold	**2,808,780**	**2,034,828**

4.5. EMPLOYEE BENEFIT EXPENSES

	For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
Wages and salaries	361,305	271,175
including share-based remuneration	28,343	-
Expenses related to post-employment defined benefit plans	1,867	572
Social insurance and other employee benefits	73,908	61,971
Total	**437,080**	**333,718**

4.6. OTHER OPERATING INCOME AND EXPENSES

	For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
Other operating income		
Proceeds from the sales of non-financial fixed assets	1,103	561
Penalties, fines and damages	2,062	2,307
Proceeds from the sales of shares	1,086	-
Revenues from subsidies received	1,653	3,100
Decommitted liabilities, write-off	1,748	1,619
Refund of taxes and charges	2,248	2,325
Dissolution of provisions	1,802	867
Other	2,534	921
Total	**14,236**	**11,700**

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		For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
	Other operating expenses		
Note 6.8.	Set up / released provisions	105	4,071
Note 6.9.	Litigation costs	399	84
	Penalties, fines and damages	1,940	933
	Other	2,357	2,061
	Total	**4,801**	**7,149**

4.7. FINANCIAL INCOME AND EXPENSES

		For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
	Financial income		
Note 5.1.2	Interest income		
	Loans extended expense	1,568	1,129
	From settlement of accounts	4,890	1,573
	Other	1,727	1,295
	F/X gains/losses	46	3,084
	Other	586	-
	Total	**8,817**	**7,081**

		For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
	Financial expenses		
Note 5.1.2	Interest income		
Note 3.4.	Issued bond expense	2,413	2,343
Note 3.3.	List of credits and loans	1,432	2,004
Note 3.5.	Lease liabilities	1,871	1,455
	Other	3,528	4,466
	Arrangement fee on bank's overdraft facility	2,629	2,218
	F/X gains/losses	420	199
	Other	1,787	761
	Total	**14,080**	**13,446**

4.8. TAXATION

The mandatory burdening of the financial result consists of two elements: current income tax and deferred tax.

Due to temporary differences between the value of assets and liabilities shown in the accounting books and their tax value and the tax loss deductible in the future, the Group, using the balance sheet method, sets up: deferred income tax liabilities in respect of positive temporary differences and determines deferred tax assets in respect of foreign exchange losses and tax losses, which can be deducted following the prudential principle.

Deferred income tax assets and liabilities are not recognized in the case of temporary differences arising upon initial recognition of an asset or liability in a transaction that is not a business combination and in case of transactions that have no impact on either the accounting or tax result.

Deferred tax assets and liabilities are offset if there is a legal right to set-off tax liabilities and current tax liabilities, and if the deferred tax concerns a tax imposed by the same tax authority on the same taxpayer. It implies that deferred income tax assets and liabilities are compensated in the Group financial statements.

The Group recognizes a tax asset only when projections of future financial results indicate that a tax gain will be realized to allow the asset to be realized in a specified future.

The balance sheet value of an deferred tax asset is verified at each balancing date and is reduced accordingly by as much as it probability dropped to reach taxable income sufficient for partial or total realisation of the deferred tax asset. An element of judgment regarding the recoverability of deferred tax assets is the Group's projected future financial performance and its impact on assets recoverability.

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The taxation amount for the 12 months ended on 30 September 2021 is primarily due to the recognition of tax income arising from the sale of ONDE S.A. shares during the IPO by Erbud recognized in the statements as transactions with non-controlling shareholders and a one-off, non-deductible expense under the Employee Stock Ownership Plan (ESOP).

The determination of the effective income tax rate is presented in the table below:

	For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
Gross profit before taxation	**85,395**	**64,253**
Tax according to the statutory tax rate applicable in Poland - 19%	**16,225**	**12,208**
Additional tax burden being a result of a rate exceeding 19% in Germany	5,855	3,642
Excess of non-taxable income over non-deductible expenses	-	(1,970)
Sales proceeds/loss from the sales of a subsidiary	35,379	-
Non-deductible permanent differences	6,598	-
Tax recognized in the financial net profit/loss	**64,057**	**13,880**
Current tax	65,634	26,554
Deferred tax	(1,577)	(12,674)
Effective tax rate	**75.01%**	**21.59%**

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The table below presents changes in deferred tax assets and liabilities in the accounting year:

		Impact as of			Impact as of		
	1 Jan. 2020.	Net profit/loss	Other comprehensive income	31 Dec. 2020	Net profit/loss	Retained earnings	31 Dec. 2021
Deferred tax assets							
Pricing of building contracts - liabilities and taxable work in progress	48,066	7,853	-	55,919	14,811	-	70,730
Provisions	9,422	1,929	-	11,351	333	-	11,684
Tax loss	7,668	(3,479)	-	4,189	(1,050)	-	3,139
Accrued wages and salaries, and charges	421	294	-	715	1,884	-	2,599
Receivables revaluation write-downs	5,968	269	-	6,237	(258)	-	5,979
Other financial liabilities	1,997	352	-	2,349	1,214	-	3,563
Deferred expenses	124	569	-	693	-	-	693
Other	1,761	683	256	2,700	(441)	(25)	2,234
Total	**75,427**	**8,470**	**256**	**84,153**	**16,493**	**(25)**	**100,621**
Deferred tax liabilities							
Pricing of building contracts - assets	37,054	(5,635)	-	31,419	14,732	-	46,151
Conversion of assets into fair value	4,417	506	-	4,923	(1,099)	7,303	11,127
Balance sheet pricing and liabilities discount	157	652	-	809	179	-	988
Accrued interest on debt	103	189	-	292	462	-	754
Accrued revenues	629	(50)	-	579	(92)	-	487
Other	1,116	134	236	1,486	734	(5)	2,215
Total	**43,476**	**(4,204)**	**236**	**39,508**	**14,916**	**7,298**	**61,722**
Assets and liabilities set off	41,903			38,375			51,125
Post set-off balance	**35,097**			**46,911**			**60,093**
Assets	33,524			45,778			49,496
Liabilities	1,573			1,133			10,597
Net impact of changes in the period		**12,674**	**20**		**1,577**	**(7,323)**	

In the year ended on 31 December 2021 and 31 December 2020 there were no negative temporary differences on which no deferred tax assets were recognised.

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The table below shows the periods of realisation of deferred income tax assets and liabilities.

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Short-term	70,885	42,940	55,497	27,688
Long-term	29,736	18,782	28,656	11,820
Total	**100,621**	**61,722**	**84,153**	**39,508**

4.9. JOINT CONTRACTUAL ARRANGEMENTS

Under IFRS 11 *"Joint Contractual Arrangements"*, involvement in joint contractual arrangements over which the partners have joint control is divided into joint operations and joint ventures.

The subsidiary ONDE S.A. has only joint contractual arrangements classified as joint operations. Classification as a joint operations is based on the fact that the contractual arrangement is not conducted in a separate entity, each party has obligations with respect to costs it incurs separately to perform its scope of work, and the contractual arrangement indicates that each party is entitled to a portion of the compensation from the Employer.

With respect to its interest in a joint operation, the subsidiary ONDE S.A. reports in its financial statements its assets, liabilities, revenues and expenses and its interest in all jointly owned or incurred assets, liabilities, revenues and expenses.

Since 2018, ONDE S.A. subsidiary has been executing a construction contract as a member of the consortium with TOR-KRAK" Rail Engineering Company Sp. z o.o. ONDE S.A. acts as a leader of a consortium, which does not have a separate legal form, but is only an agreement functioning for the purpose of implementation of a contract for the construction of a tramway route along with the expansion of the road system in Bydgoszcz. The subsidiary ONDE S.A., jointly with a Consortium member, exercises joint control over 50% of the shareholding each in the Steering Committee of the Consortium.

There are no obligations taken, but not recognized as of the accounting date relating to the Subsidiary's involvement in the Joint Action.

The Consortium Agreement indicates the scope of work to be performed by each consortium member. Each consortium member performs its work using its own assets; there are no shared assets used to perform this contract. Each consortium member shall bear its own costs of performing its own scope of work and shall have obligations to cover those costs; there shall be no obligations or costs incurred jointly. As part of the work performed as part of a consortium, the subsidiary ONDE S.A. recognizes in the statement of profit or loss only revenues and costs directly attributable to the scope of work to be performed under the contract attributable to the subsidiary. Each Consortium member is responsible for performing its scope of work as agreed upon between the consortium members in the consortium agreement. The transaction price attributable to the subsidiary ONDE S.A. for the execution of this agreement is PLN 77.6 million. The Consortium members bear joint and several liability vis-a-vis Employer for works performed by the consortium and for warranty repairs, and if the Employer has exercised its right against ONDE S.A. with respect to works performed by TOR-KRAK, the subsidiary Company has a recourse claim against TOR-KRAK to the same extent.

Each of the consortium members is entitled to its share of remuneration from the Employer for carrying out its part of the construction works. With respect to works performed by TOR-KRAK, which are invoiced by the subsidiary ONDE S.A. as a consortium leader, to the Employer, the Company acts as an agent (in accordance with the accounting policy presented in Note 2.1.) and therefore does not recognize revenues and costs concerning works performed by TOR-KRAK. TOR-KRAK revenues and expenses of works performance are shown under revenues and costs of performing construction contracts in the road engineering segment.

Under this contract, the subsidiary ONDE S.A. as the consortium leader receives payments from the Employer to a separate escrow account, kept for the ONDE S.A., from which the funds release requires joint consent of both consortium members. The cash balance as of 31 December 2021 amounts to PLN 10,855 thousand and is reported as restricted cash on the Group's balance sheet (Note 3.8). These funds will be released after the final contract settlement by the consortium members and the investor, due in 2022. These funds will be released after the final settlement of the contract by the consortium members and the investor, which falls in 2021.At the same time, the amount due to TOR-KRAK is shown as a liability.

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5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1. FINANCIAL ASSETS AND LIABILITIES

Pursuant to IFRS 9 the Group classifies financial instruments, into the following categories:

- Assets priced at amortized cost;
- Financial assets priced at fair value through financial profit or loss;
- Financial liabilities priced at amortized cost;
- Derivative instruments determined as hedging instruments in hedge accounting.

In the above categories, the Group has only items measured at amortized cost

Financial assets priced at amortized cost include primarily:

Note 5.1.2.	Financial Assets - Loans Extended
Note 2.2.	Receivables under building contracts - bid bonds
Note 6.6.	Trade receivables
Note 6.6.	Other receivables
Note 2.3.	Assets under building contracts
Note 3.8.	Cash and cash equivalents
Note 3.8.	Cash assets on the VAT account
Note 3.8.	Cash with restricted availability.
Note 5.1.	Other financial assets (including extended loans)

Financial liabilities priced at amortized cost comprise mainly:

Note 2.2.	Liabilities vis-a-vis subcontractors - bid bonds
Note 2.3.	Liabilities under building contracts
Note 6.10.	Trade payables
Note 6.10.	Other liabilities
Notes 3.2. – 3.5.	Debt

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The table below shows the carrying amount of key groups of financial assets and financial liabilities by category. The carrying value of financial assets and financial liabilities held by the Group presented in the tables below did not differ significantly from their fair value in both presented periods.

		Financial instrument classes			
	A line in the Statement of Financial Position	**Assets measured at amortized cost**	**Financial liabilities measured at amortized cost**	**Lease liabilities**	**Total key categories**
	2021				
Notes 5.1.2	Financial assets - loans extended	38,852	-	-	**38,852**
	Financial assets - other	856	-	-	**856**
Note 2.2.	Receivables under building contracts - bid bonds	29,621	-	-	**29,621**
Note 6.5.	Trade receivables	594,647	-	-	**594,647**
Note 6.5.	Other receivables	57,036	-	-	**57,036**
Note 2.3.	Pricing of building contracts - assets	302,138	-	-	**302,138**
Note 3.8.	Cash and cash equivalents	363,210	-	-	**363,210**
Note 3.8.	Cash on VAT accounts	50,745	-	-	**50,745**
Note 3.8.	Cash with restricted availability.	10,855			**10,855**
Note 2.2.	Liabilities vis-a-vis subcontractors - bid bonds	-	146,684	-	**146,684**
Note 2.3.	Liabilities vis-a-vis subcontractors - bid bonds	-	244,048	-	**244,048**
Note 6.9.	Trade payables	-	363,131	-	**363,131**
Note 6.9.	Other liabilities	-	112,870	-	**112,870**
Note 3.2.-3.5.	Debt	-	165,019	48,876	**213,895**
	Total	**1,447,960**	**1,031,752**	**48,876**	**2,528,588**

	A line in the Statement of Financial Position	**Assets measured at amortized cost**	**Financial liabilities measured at amortized cost**	**Lease liabilities**	**Total key categories**
	2020				
Notes 5.1.2	Financial assets - loans extended	14,503	-	-	**14,503**
	Financial assets - other	2,532	-	-	**2,532**
Note 2.2.	Receivables under building contracts - bid bonds	37,031	-	-	**37,031**
Note 6.5.	Trade receivables	367,389	-	-	**367,389**
Note 6.5.	Other receivables	30,939	-	-	**30,939**
Note 2.3.	Pricing of building contracts - assets	179,106	-	-	**179,106**
Note 3.8.	Cash and cash equivalents	315,537	-	-	**315,537**
Note 3.8.	Cash on VAT accounts	30,753	-	-	**30,753**
Note 2.2.	Liabilities vis-a-vis subcontractors - bid bonds	-	140,361	-	**140,361**
Note 2.3.	Liabilities vis-a-vis subcontractors - bid bonds	-	234,463	-	**234,463**
Note 6.9.	Trade payables	-	183,233	-	**183,233**
Note 6.9.	Other liabilities	-	75,440	-	**75,440**
Note 3.2.-3.5.	Debt	-	88,170	39,292	**127,462**
	Total	**977,790**	**721,667**	**39,292**	**1,738,749**

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		Financial instrument classes			
		Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Lease liabilities	Total key categories
	2021				
	Impact on the financial net income				
Note 4.7.	Financial income /(financial expenses) – interest	8,347	(9,024)	(382)	**(1,059)**
Note 4.7.	Financial income/(financial expenses) - FX gains/losses	56	(430)	-	**(374)**
Note 4.2.	Loss reversal/(impairment) of financial assets and customer contract valuation assets	(15,187)	-	-	**(15,187)**
	Total	**(6,784)**	**(9,454)**	**(382)**	**(16,620)**

		Financial instrument classes			
		Assets measured at depreciated cost	Financial liabilities measured at amortized cost	Other liabilities	Total key categories
	2020				
	Impact on the financial net income				
Note 4.7.	Financial income /(financial expenses) – interest	1,015	(7,286)	-	**(6,271)**
Note 4.7.	Financial income/(financial expenses) - FX gains/losses	2,424	461	-	**2,885**
Note 4.2.	Loss reversal/(impairment) of financial assets and customer contract valuation assets	116	-	-	**116**
	Total	**3,555**	**(6,825)**	**-**	**(3,270)**

5.1.1. FINANCIAL ASSETS

As of 31 December 2021 and as of 31 December 2020 the Group was in the possession of the following items disclosed in the Statement of Financial Position as financial assets:

		2021	2020
Note 5.1.2	Loans extended	38,852	14,503
	Other	1,097	3,250
	Total	**39,949**	**17,753**
	Long-term	11,382	7,120
	Short-term	28,567	10,633

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5.1.2. FINANCIAL ASSETS – LOANS EXTENDED

Borrower	Loan currency	Interest rate	Maturity date	2021	2020
Lake Hill	PLN	12.00%	25 Jun. 2021	-	10,602
Pflege Beteiligungs	EUR	4.00%	31 Jan. 2022	3,995	3,870
Personnel	EUR	0 - 0.5%	31 Dec. 2021	14	10
Avista Invest Sp. z o.o.	PLN	WIBOR 3M + 5.3%	30 Jun. 2021	-	21
Sanssouci Karpacz Sp. z o.o.	PLN	10.00%	31 Mar. 2023	4,948	-
JV PABC Sp. z o.o.	PLN	3 M Euribor + 2.2% - 3.5%	31 Dec. 2022	92	-
Goalscreen Holdings Limited	EUR	6.00%	12 Feb. 2021	20,934	-
Farma Wiatrowa Szybowice Sp. z o.o. (*Wind Farm*)	PLN	8.00%	12 Feb. 2021	2,269	-
FRANKIEWICZ ENERGY COMPANY	PLN	6.00%	29 Apr. 2022.	1,262	-
kWe	PLN	2.50%	1 Jan. 2032	2,991	-
DEPVPL 22 POWER PLANT	PLN	0.00%	25 Jun. 2025	1,200	-
AZURYT 6 INVESTMENTS	PLN	8.00%	19 Oct. 2023.	1,147	-
Total including:				**38,852**	**14,503**
Long-term				10,286	3,870
Short-term				28,566	10,633

The loan between ONDE SA and Goalscreen Holdings Limited for a total amount of PLN 20,934 thousand was settled on 2 February 2022 under a Share Sales Agreement executed on the same day, where the payment for the shares was offset against the loan.

There is credit risk and currency risk associated with the loans, which are described in Note 5.2, respectively. Loans granted are classified at Level 1 of the impairment model. The loans are, in the Company's opinion, assets with a high credit quality rating for purposes of the ECL model.

As of the specified balance sheet dates, the fair value of loans and advances was not materially different from the amortized cost measurement. The fair value of credits and loans is estimated using DCF models based on cash flows reflecting the repayment schedule of loans granted. The discount rate was assumed at WIBOR rate for PLN-denominated loans and at EURIBOR rate for EUR-denominated loans as of a given date plus a fixed percentage reflecting the risk premium. Loans measured at amortized cost are classified at Level 2 of the fair value hierarchy.

Loans are classified at Level 1 of the impairment model at all balance sheet dates presented. All loans granted as of the respective balance sheet dates were considered to be instruments with low credit risk and therefore the allowance for expected credit losses recognized during the period is limited to 12-month expected credit losses. The expected credit loss was calculated based on the probability of default, the repayment profile agreed to in the loan agreement and an assessment of recoveries from the collateral. As of particular balance sheet dates, the amount of impairment loss and its changes in the presented periods were insignificant in terms of amounts, therefore the Group does not present movements on the impairment loss. The increase in the loan balance as a result of new loans granted did not significantly contribute to the change in the impairment allowance.

5.2. FINANCIAL RISK MANAGEMENT PRINCIPLES

While running its operations, the Group is exposed to the following significant types of financial risk: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The ERBUD S.A.'s Management Board is responsible for determining the rules for the management of such risks and for verifying them.

5.2.1. MARKET RISK – CURRENCY RISK

While performing its core operations, the Group does not enter into building contracts that are denominated in EUR.

With regard to receivables and liabilities arising from material purchase contracts concluded under which payments will be made in EUR and with respect to EUR-denominated loans granted, the Group has determined that risk is immaterial.

		Exposure to currency risk ('000 PLN)	Impact on the Statement of Result ('000 PLN	
			exchange rate change +10%	exchange rate change -10%
	Assets			
Note 3.8.	Cash and cash equivalents	43,371	4,337	(4,337)
Note 6.6.	Trade receivables	31,601	3,160	(3,160)
Note 2.2.	Receivables under building contracts - bid bonds	3,140	314	(314)
Note 5.1.2	Financial assets - loans extended	24,929	2,493	(2,493)
	Liabilities			
Note 3.3.-3.5	Debt	6,379	(638)	638
Note 6.10.	Trade payables	10,644	(1,064)	1,064
Note 2.2.	Building contract liabilities - bid bonds	19	(2)	2
	Impact of exchange rate changes - total assets and liabilities	**120,083**	**8,600**	**(8,600)**

		Exposure to currency risk ('000 PLN)	Impact on the Statement of Result ('000 PLN	
			exchange rate change +10%	exchange rate change -10%
	Assets			
Note 3.8.	Cash and cash equivalents	29,047	2,905	(2,905)
Note 6.5.	Trade receivables	15,192	1,519	(1,519)
Note 2.2.	Receivables under building contracts - bid bonds	4,440	444	(444)
	Liabilities			
Note 6.9.	Trade payables	(15,734)	(1,573)	1,573
Note 2.2.	Building contract liabilities - bid bonds	(25)	(3)	3
Note 2.3.	Pricing of building contracts - liabilities	(1,140)	(114)	114
	Impact of exchange rate changes - total assets and liabilities	**35,650**	**3,565**	**(3,565)**

5.2.2.MARKET RISK – INTEREST RATE RISK

The interest rate risk occurs mainly in connection with debt financing, i.e. bank credits and loans (Note 3.3), issued bonds (Note 3.4) and financial lease products (Note 3.5), used by the Group.

In addition, the Group invests idle cash partly into variable interest rate deposits and extends mainly variable interest rate loans.

Assets and liabilities bearing interest at variable interest rates expose the Group to the risk of cash flow volatility. Meanwhile assets and liabilities bearing fixed rate (extended loans - Note 5.1.2.) expose ERBUD to the risk of fair value volatility, however, owing to the fact that the Group does not measure these items at fair value, this impact is not reflected in the financial statements.

The Company monitors the exposure to interest rate risk and develops interest rate forecasts.

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The analysis of sensitivity of items bearing a variable interest rate to interest rate changes is presented in the table below.

	2021			2020		
	Carrying amount of the item bearing interest at a variable interest rate	Impact on the Statement of Result		Carrying amount of the item bearing interest at a variable interest rate	Impact on the Statement of Result	
		+250 bp	-250 bp		+100 bp	-100 bp
Cash and cash equivalents	163,575	4,089	(4,089)	71,582	716	(716)
Financial assets - loans extended	5,040	126	(126)	21	-	-
Credit and loan liabilities	66,960	(1,674)	1,674	36,170	(362)	362
Debt related to issued bonds	75,586	(1,890)	1,890	52,000	(520)	520
Lease liabilities	36,822	(921)	921	22,342	(374)	374
Total impact		**(270)**	**270**		**(540)**	**540**

* Cash and cash equivalents and restricted cash

The table below presents items bearing fixed interest rate.

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	2021	2020
	Balance sheet value of items not subject to market risk	Balance sheet value of items not subject to market risk
Cash and cash equivalents	210,490	243,955
Financial assets - loans extended	33,812	14,482
Credit and loan liabilities	23,059	-
Lease liabilities	11,468	16,950
	278,829	**275,387**

* Cash and cash equivalents and restricted cash

5.2.3.CREDIT RISK

The Group's financial assets, which are exposed to credit risk are mainly items listed in the table below.

		2021	2020
Note 3.8.	Cash and cash equivalents	374,065	315,537
Note 5.1.2	Financial Assets - Loans Extended	38,852	14,503
Note 6.5.	Trade receivables	594,647	367,389
Note 2.2.	Receivables under building contracts - bid bonds	29,621	37,031
Note 2.3.	Pricing of building contracts - assets	302,138	179,106
	Total	**1,339,323**	**913,566**

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Cash and cash equivalents

ERBUD minimizes credit risk related to cash and cash equivalents through diversification of banks with which investment transactions are made. The Group works jointly with highly reliable financial institutions as indicated in the table below. There is a significant concentration of credit risk at individual accounting dates - information on the amount of cash balances held at one financial institution is shown below.

A breakdown of cash and cash equivalents balances by credit rating grades is shown in the table below. AA-, A-, BBB+, BBB rating grades according to Euro Rating are the investment levels. BB+ rating, is out of investment grade, nonetheless the amount of cash in these institutions is marginal.

According to the Euro Rating agency	2021	2020
Bank ranked A-	19.0%	50.0%
Banks rated BBB+	13.0%	45.0%
Banks rated BBB	66.0%	5.0%
Banks rated BB	2.00%	0.00%
	100.0%	**100.0%**

As of 31 December 2021, the value of cash assets and their equivalents located in one financial institution did not exceed 66% of the total balance.

As of 31 December 2020, the value of cash assets and their equivalents located in one financial institution did not exceed 50% of the total balance.

The entire balance of cash and cash equivalents as of the respective balance sheet dates is included in Degree 1 of the impairment model (i.e., balances for which credit risk has not increased significantly since initial recognition).

The allowance for impairment of cash and cash equivalents was determined individually for each balance related to the financial institution. External bank ratings and publicly available information on default rates for a given rating determined by Euro Rating were used to assess credit risk. The analysis showed that these assets have low credit risk at the accounting date. The Group has taken advantage of the simplification allowed by the standard and the impairment loss has been determined on the basis of 12-month credit losses. The calculation of write-off showed an immaterial amount of impairment loss.

Trade receivables and building contract assets

To protect against credit risk resulting from receivables under construction contracts (i.e. trade receivables, receivables under construction contracts - bid bonds and valuation of construction contracts), the Group has in place a policy of assessing and verifying credit risk related to all contracts, both at the offering phase and during contract execution. Before signing a contract, each counterparty is evaluated in terms of its ability to meet its financial obligations. In the event of a negative assessment of the counterparty's payment capability, entering into the contract depends on the establishment of adequate financial or asset collaterals. Moreover, contracts with investors contain clauses providing for the right to suspend the execution of works, if there is a delay in the transfer of payments for services rendered. If possible contractual clauses are also developed to condition payments to subcontractors on the receipt of funds from the investor.

The Group has no credit risk concentration in relation to trade receivables and receivables under construction contracts - in relation to bid bonds and valuation of construction contracts.

Changes in the write-down of receivables are presented in the Note 6.6.

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5.2.4. LIQUIDITY RISK

In order to reduce the risk of liquidity loss, the Group maintains an appropriate amount of cash and transferable securities as well as enters into credit line agreements, which serve as additional liquidity security. To finance investment purchases, the Group uses own funds or long-term financial lease contracts, ensuring adequate sustainability of the financing structure for this type of assets.

The Group pursues a policy limiting credit exposures to individual financial institutions and issuers of debt securities, which are acquired as part of periodic investments of surplus cash.

Liquidity management is supported by the existing liquidity forecast reporting system by the Group.

The table below shows the Group's financial liabilities as of 31 December 2021 by maturity date based on contractual non-discounted payments.

						2021
	Below 3 months	3-12 months	1-5 years	Above 5 years of age	Total non-discounted flows	Balance-sheet values
Credit and loan liabilities	1,515	42,145	50,538	46	**94,244**	**90,019**
Debt related to issued bonds	-	586	75,000	-	**75,586**	**75,000**
Lease liabilities	3,601	14,880	31,942	5,240	**55,663**	**48,290**
Liabilities vis-a-vis subcontractors - bid bonds	8,636	124,664	12,303	5,115	**150,718**	**146,684**
Trade payables	361,356	817	958	-	**363,131**	**363,131**
Total	**375,108**	**183,092**	**170,741**	**10,401**	**739,342**	**723,124**

						2020
	Below 3 months	3-12 months	1-5 years	Above 5 years of age	Total non-discounted flows	Balance-sheet values
Credit and loan liabilities	5,527	18,722	12,170	-	**36,419**	**36,170**
Debt related to issued bonds	-	54,195	-	-	**54,195**	**52,000**
Debt related to financial lease	1,053	14,682	20,877	7,205	**43,817**	**39,292**
Liabilities vis-a-vis subcontractors - bid bonds	6,772	118,258	13,691	2,521	**141,242**	**140,361**
Trade payables	148,287	110,386	-	-	**258,673**	**258,673**
Total	**161,639**	**316,243**	**46,738**	**9,726**	**534,346**	**526,496**

6. OTHER NOTES

6.1. TANGIBLE FIXED ASSETS

The most significant items of property, plant and equipment are land, buildings and structures. Fixed assets under construction are also a significant item. In addition, the Group also owns technical appliances and machinery.

Tangible fixed assets are carried at purchasing price /manufacturing cost less depreciation and all impairment write-offs. When the Group identifies indications that property, plant and equipment may be impaired, it performs an impairment test based on an estimate of the recoverable amount of the property, plant and equipment. Recoverable amount is determined as the higher of the value that is realizable upon sale of a given non-current asset less costs to sell or the value in use calculated based on the discounted cash flows to be generated by a given non-current asset or group of assets.

The initial value of tangible fixed assets comprises their purchasing price plus all costs connected directly with the purchase and adaptation of the asset to the condition fit for use. The initial value also comprises the cost of spare parts of machinery and equipment when incurred, if the recognition criteria are met, i.e. a member company of Erbud Group expects that spare parts will be used for more than one year and it is possible to assign them to a specific item of tangible fixed assets.

Costs incurred after the date of commissioning of a fixed asset such as maintenance and repair costs, are recognized in the net financial income when incurred.

The Group annually verifies the residual value, useful life and depreciation methods of tangible fixed assets. The revisions performed as of 31 December 2021 and 31 December 2020 did not result in a change to the remaining estimated useful lives, depreciation methods or residual values of property, plant and equipment.

Depreciation rates are by class of fixed assets (including the right to use assets that belong to a particular category):

- Buildings and structures – 2% - 4,5%
- Technical appliances and machinery – 6% - 30%
- Means of transport – 12,5% - 20%
- Other – 10% - 33%
- Lands are not depreciated.

The rights to use the assets are amortized over a period that reflects the effective term for which contracts have been signed.
For leased assets of the Group, depreciation rates coincide with depreciation rates for its own assets belonging to the same category because the lease term corresponds to the economic useful life of the asset (including renewal options) or the contract includes an option to purchase the asset and it is reasonably certain that the Group will exercise the option.

Fixed assets under construction are priced at the level of costs connected directly with their acquisition or manufacturing including costs of financing, less write-downs for impairment. Fixed assets under construction are not depreciated until their construction has been completed.

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6. OTHER NOTES

Lease accounting policy effective from 1 January 2019:

Leases are recognized as right-of-use assets and obligations to pay for those rights at the date the leased assets are available for use by the Group. Right-of-use assets are presented in Note 6.1.

At the lease start date, the lease obligations are measured at an amount equal to the present value of the following lease payments for the right to use the underlying asset during the lease term:

- fixed lease payments (including substantially fixed payments), less any lease incentives payable,
- variable lease payments that depend on an index or rate;
- amounts expected to be paid by the Lessee under the guaranteed residual value,
- the exercised price of a call option, if it can be assumed with reasonable certainty that the lessee will exercise the option,
- financial penalties for lease termination, if the lease terms and conditions provide that the Lessee may exercise the lease termination option

Lease payments are discounted using the lease interest rate, if that rate can be readily determined, or the lessee's incremental debt rate.

Each lease payment is allocated between a liability and a finance expense. After initial recognition, lease liabilities are measured using the effective interest rate. The carrying amounts of the liabilities are updated to reflect the change in estimated lease term, option to redeem, change in lease payments and guaranteed residual value and lease contract modifications.

The lease term is a non-cancelable lease term; periods covered by renewal and early termination options are included in the lease term if there is a reasonable certainty that the lease will be renewed or the lease will not be terminated early.

As of 31 December the Company held the following categories of tangible fixed assets including the right to use the assets:

			2021			2020
Tangible fixed assets category	Gross value	Write-offs and revaluations	Net value	Gross value	Write-offs and revaluations	Net value
Lands (including right of perpetual usufruct to land)	28,928	1,189	27,739	14,556	1,003	13,553
including lease	4,795	709	4,086	4,795	519	4,276
Buildings and structures	97,639	46,551	51,088	57,018	27,245	29,773
including lease	23,120	16,614	6,506	23,120	11,048	12,072
Technical appliances and machinery	58,901	44,158	14,743	50,369	35,008	15,361
including lease	11,471	5,087	6,384	10,351	3,150	7,201
Means of transport	72,444	39,633	32,811	56,143	29,775	26,368
including lease	35,602	12,703	22,899	26,342	9,096	17,246
Other fixed assets	18,909	11,897	7,012	15,187	10,038	5,149
including lease	85	20	65	85	3	82
Fixed assets under construction	23,194	-	23,194	1,942	-	1,942
Other	11,354	9	11,345	18,691	6,683	12,008
Total	**311,369**	**143,437**	**167,932**	213,906	109,752	104,154

The Group concluded lease contracts for an average period of 3 to 5 years. Leases include mainly means of transport and leases of offices, warehouses and rights of perpetual usufruct to land. These contracts mostly (except for perpetual usufruct rights) contain an option of contract renewal after the end of the basic period. Additionally, under the concluded lease contracts for the means of transport the Group is entitled to repurchase the leased asset at the end of contract life.

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6. OTHER NOTES

Debt related to lease contracts is referred to in Note 3.5.

	Lands including right of perpetual usufruct to land	Buildings and structures	Technical appliances and machinery	Means of transport	Other fixed assets	Fixed assets under construction	Intangible assets	Total
Net value as of 1 Jan. 2020	**13,717**	**33,800**	**17,864**	**24,072**	**3,774**	**5,713**	**6,167**	**105,107**
Increases:								
Acquisition	-	583	1,928	2,468	2,345	3,355	2,736	**13,415**
Lease	-	-	135	9,191	85	-	-	**9,411**
Acceptance of fixed assets	-	-	-	-	-	(991)	1,453	**462**
Other, including reclassification adjustments	-	1,386	(35)	-	259	(4,511)	2,900	**(1)**
Decreases:								
Amortization and depreciation	230	6,583	5,090	8,012	1,705	-	1,321	**22,941**
Disposal and liquidation	-	-	(12)	1,390	6	1,205	50	**2,639**
Internal transfers	-	2	(445)	386	(177)	480	258	**504**
Other	-	(1)	(76)	-	77	-	-	**-**
FX gains and losses from translation	67	587	26	424	297	61	382	**1,844**
Net value as of 31 December 2021	**13,554**	**29,772**	**15,361**	**26,367**	**5,149**	**1,942**	**12,009**	**104,154**
Net value as of 1 January 2021	**13,554**	**29,772**	**15,361**	**26,367**	**5,149**	**1,942**	**12,009**	**104,154**
Increases:								
Acquisition	13,836	24,569	3,426	2,751	14,115	25,602	312	**84,611**
Lease	-	-	1,331	13,894	-	-	-	**15,225**
Acceptance of fixed assets	566	4,066	959	1,232	1,121	-	36	**7,980**
Other, including reclassification adjustments	-	1,113	19	151	(168)	(4,346)	(1,013)	**(4,244)**
Decreases:								**-**
Amortization and depreciation	215	8,409	6,288	9,473	1,844	-	1,420	**27,649**
Disposal and liquidation	-	-	69	2,107	11	-	8	**2,195**
Internal transfers	-	-	-	-	-	8	(8)	**-**
Other	-	-	-	(7)	-	-	-	(7)
FX gains and losses from translation	(2)	(23)	4	(11)	(5)	4	(17)	**(50)**
Net value as of 30 June 2020	**27,739**	**51,088**	**14,743**	**32,811**	**18,357**	**23,194**	**9,907**	**177,839**

The largest changes in the balance of fixed assets relate to the fact that on 31 March 2021 Erbud S.A. signed a Notarial Deed (Repertory A No. 3521/2021), by virtue of which it acquired the ownership title to the property representing a plot of land No. 1/61 with the total area of 5.2018 ha and a plot of land No. 1/62 with the total area of 9.9643 ha, located in the Kujawsko-Pomorskie Province, the Toruń county, the Łysomice Municipality, the Town of Ostaszewo. The value of the acquired land in the accounting ledgers of Erbud S.A. amounts to PLN 13 826 thousand. On the land, designated as industrial land, there is a development with three single-storey buildings: - a manufacturing and warehousing facilities, two brick buildings - gatehouses and a car park, manoeuvring area, an asphalt road. The value of the buildings in the accounting ledgers of Erbud S.A. amounts to PLN 25 535 thousand.

The significant increase in fixed assets under construction, particularly related to MOD21. The company started the expansion of the existing production shop and the construction of a new shop in 2021. The amount of EUR 21,310 thousand consists of the construction of the shop, installations, roads, car parks and the Weinmann manufacturing line. The construction of these facilities is expected to be completed in 2022. MOD21 has also incurred expenses on fixed assets in 2021 in the amount of PLN 11,336 thousand.

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6. OTHER NOTES

Amortization and depreciation

	For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
General and administrative (G&A) costs	13,119	10,781
Costs of products and services sold	14,530	12,160
Total	**27,649**	**22,941**

Right to use assets under lease, lease liabilities

The following simplifications allowed by IFRS16 have been adopted:

- no lease contracts for low-value assets (below PLN 15 thousand) are activated,
- contracts that will be terminated during the current year are omitted,

During the periods covered by these financial statements, the Group did not enter into any lease agreements for a period shorter than 12 months. The signed lease contracts did not comprise a variable fee for the Lessor.

Charges associated with all short-term leases and leases of low-value assets are recognized as an expense in the financial net income on a straight-line basis. At the time of initial application of the standard, for all lease contracts, except for short-term leases and leases of low-value assets, previously classified as operating leases:

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6. OTHER NOTES

Data regarding the first-time adoption of IFRS 16 is presented in the tables below.

	LANDS	BUILDINGS AND STRUCTURES	TECHNICAL APPLIANCES AND MACHINERY	MEANS OF TRANSPORT	OTHER FIXED ASSETS	TOTAL
Net value as of 1 January 2020	**4,466**	**17,542**	**9,219**	**17,558**	**-**	**48,785**
Increase due to opened lease contracts	-	-	135	9,191	85	9,411
Increase due to expenditures for tangible fixed assets under construction and advances for tangible fixed assets	-	-	26	-	-	26
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	(9)	(3,054)	-	(3,063)
Amortization and depreciation	(190)	(5,628)	(2,170)	(6,449)	(3)	(14,440)
FX gains and losses from translation	-	158	-	-	-	158
Net value as of 31 Dec. 2020	**4,276**	**12,072**	**7,201**	**17,246**	**82**	**40,877**
Net value as of 1 Jan. 2021	**4,276**	**12,072**	**7,201**	**17,246**	**82**	**40,877**
Increase due to opened lease contracts	-	-	1,331	15,186	-	16,517
Increase due to expenditures for tangible fixed assets under construction and advances for tangible fixed assets	-	-	-	(929)	-	(929)
Decrease due to reclassification - from right-to-use leased assets to tangible fixed assets	-	(10)	(179)	(2,085)	-	(2,274)
Amortization and depreciation	(190)	(5,556)	(1,937)	(5,823)	(17)	(13,523)
Decrease of the depreciation to date due to reclassification - from right-to-use leased assets to tangible fixed assets	-	-	(32)	(696)	-	(728)
Net value as of 31 December 2021	**4,086**	**6,506**	**6,384**	**22,899**	**65**	**39,940**

6.1.1. AMOUNTS OF CONTRACTUAL OBLIGATIONS TAKEN TO ACQUIRE TANGIBLE FIXED ASSETS

As of 31 December 2021 and 31 December 2020 the Group had no contractual commitments related to fixed asset purchase agreements and entered into lease agreements as to which the lease period has not yet commenced and are not shown in lease commitments in this regard.

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6. OTHER NOTES

6.2. GOODWILL

Goodwill arises as a result of accounting for the acquisition of projects using the acquisition method - details are provided below).

Accounting principles concerning goodwill impairment are described in Note 6.4.

	For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
Opening balance of goodwill	**40,667**	**40,130**
Additions	630	-
FX gains and losses from translation	(57)	537
Closing balance of goodwill	**41,240**	**40,667**
Including acquisitions:		
ONDE S.A.	18,274	18,274
Erbud Holding GmbH	17,642	17,699
Other	5,324	4,694

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6. OTHER NOTES

6.3. FAIR VALUE OF ACQUISITIONS

	IDE PROJEKT Sp. z o.o.
	Fair value
Intangible assets	5
Cash and cash equivalents	531
Receivables	73
Prepayments	11
Assets (A)	**620**
Liabilities and accruals	176
Liabilities (B)	**176**
Fair value of assets, net (A-B)	**444**
Acquisition price (paid in cash) (D)	500
Total acquisition price	**500**
Gain on occasional acquisition	
GOODWILL	**56**

	Satchwell Polska Toruń Sp. z o.o.
	Fair value
Tangible fixed assets	2,260
Intangible assets	4
Cash and cash equivalents	3,330
Inventory	236
Receivables	1,808
Prepayments	55
Deferred tax assets	49
Assets (A)	**7,742**
Liabilities and accruals	2,877
Provisions	489
Liabilities (B)	**3,366**
Fair value of assets, net (A-B)	**4,376**
Acquisition price (paid in cash) (D)	4,950
Total acquisition price	**4,950**
Gain on occasional acquisition	
GOODWILL	**574**

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6. OTHER NOTES

	IKR
	Fair value
Tangible fixed assets	5,564
Intangible assets	23
Inventory	34
Receivables	35,451
Pricing of building contracts - assets	33,806
Assets (A)	**74,878**
Liabilities and accruals	32,850
Provisions	12,498
Liabilities (B)	**45,348**
Fair value of assets, net (A-B)	**29,530**
Acquisition price (paid in cash) (D)	28,467
Total acquisition price	**28,467**
Gain on occasional acquisition	
Gain on occasional acquisition	**(1,063)**

The company was acquired to expand the Group's product range and business area. It required cash injection and the Company's contract portfolio was characterised by low margins, which led to the recognition of the gain on occasional acquisition. The gain on occasional acquisition was recognised in the Consolidated Statement of Result and Other Comprehensive Income in the line “Other operating income” .

The transaction costs totalled PLN 3,115 thousand. No contingent liabilities or assets were acquired under the transaction.

Revenue and net income that the Company has generated since the transaction date and for the full year are presented below.

	6 Dec. 2021	1 Dec. 2021
Net income and equivalents	152,350	225,891
Net profit	6,812	7,211

6.4. FIXED ASSETS IMPAIRMENT

The Group carries out test for fixed asset impairment, if there are reasons for impairment and additionally it carried out a test for goodwill once a year. Recoverable amount is determined at the lowest possible level, i.e. for an individual asset or for the cash-generating centre to which the asset belongs.

Tangible fixed assets impairment

At each balancing date the it is evaluated if there are any objective reasons indicating a risk of asset or asset category impairment. If there are such reasons, the estimated recoverable value is agreed for the asset and an impairment loss is written off, in the amount equal to the difference between the recoverable value and balance sheet value. The recoverable value corresponds the higher of the following two values: fair value less costs closing sales or value in use. The impairment loss is posted into profit and loss account. As of each balancing date, the Group also assesses whether there are any indications that the impairment loss recognised in previous periods should be reduced or completely reversed.

Goodwill impairment

Goodwill is tested for impairment at least once a year. Potential impairment is recognized immediately as a decrease in goodwill and recognized in the Profit and Loss Account, additionally it is not subject to reversal in subsequent reporting periods.

To carry out possible impairment test, the goodwill is allocated to the cash generating units. In the event of a disposal of an operation within a cash-generating centre to which goodwill has been allocated, the goodwill associated with the disposal shall be included in the carrying amount of the operation when determining the gain or loss on disposal.

Goodwill impairment

Goodwill is allocated to the Group's cash-generating centres. For goodwill arising on the acquisition of ONDE S.A. shares (former Road Engineering Company S.A.) by Erbud S.A. is assumed to be the cash-generating centre of the entire engineering and road segment of ONDE S.A.

For ONDE SA, the recoverable amount of the cash-generating unit is determined based on the valuation of ONDE SA shares on the Warsaw Stock Exchange.

Goodwill arising on the acquisition of the Erbud Holding Group by Erbud SA is assumed to be the cash-generating centre of the entire industrial segment abroad related to the Erbud Holding Group.

The recoverable amount of a cash-generating unit is determined based on the unit's value in use, estimated using a Discounted Cash Flow (DCF) model. These calculations use cash flow projections over a three-year period. The cash flows going beyond the three-year period were estimated to be at a constant level. The growth rate does not exceed the long-term average growth rate for the construction sector abroad where the cash-generating centre operates. The calculations assume an average gross margin of 14.8%, while the discount rate used was 4.0%. The Management Board established the budgeted gross margin on the basis of historical performance and its own projections of market development. Weighted average growth rates are in line with the forecasts presented in the industry reports. The discount rate used is a rate that reflects each segment specific risks.

In 2021 and 2020, an analysis was carried out and no grounds were found to set up an impairment write-down for a loss of an asset or group of tangible assets.

The goodwill impairment test, which was carried out as of 31 December 2021, did not indicate any need to make an impairment write-off.

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6. OTHER NOTES

6.5. INVENTORY

The following items are mainly recognized in individual inventory categories:

- Materials – items kept at storage sites to be used in manufacturing processes, especially in construction activities;
- Work in progress
- Finished goods: the main product is bituminous mass used in production processes and for sale.

Materials are valued at the purchase price, and their expenditure is accounted for using the FIFO ("first in-first out") method. Work in progress and finished goods are prices at the cost of direct materials and labor, together with an appropriate mark-up of indirect production costs determined based on the assumption of normal utilization of production capacity, excluding costs of external financing. At the balancing date the inventory is priced taking lower of the two values: purchasing price or the cost of manufacturing and net selling price.

Under materials the Group posts construction site stored inventories for general purposes, low processing degree that could be used in a straightforward manner and without incurring material costs for other contracts or sold (if they turn out to be redundant in case of execution of a certain contract). The inventory items are not items stored on construction sites with a specific use on a certain construction site or processed on the company own or by the subcontractor, generally these are items where it is not certain whether they could be used for other contracts or sold. Such items are posted directly into contract costs and thus they are included into contract pricing taking into consideration their progress rate (details provided in Note 2.1).

	2021	2020
Materials	26,284	24,046
Work in progress	54	1,718
Finished goods	250	316
Merchandise	1,709	-
PV projects underway	39,501	-
Gross value of inventory	**67,798**	**26,080**
Impairment write-offs for inventory	352	352
Net value of inventory	**67,446**	**25,728**

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6. OTHER NOTES

6.6. TRADE RECEIVABLES AND OTHER RECEIVABLES

In the trade receivables as well as other receivables category the ERBUD Group recognised mainly trade receivables from non-related entities (mainly due to issued invoices in relation to the construction contracts executed by the Group) and budget receivables, including corporate income tax receivables and tax on goods and services receivables.

Trade receivables , with maturity typically from 30 to 180 days, are recognized at their nominal value, i.e. according to the amounts originally invoiced. Trade receivables are held for collection and meet the SPPI test, therefore, as of the balance sheet date, these items are measured at amortized cost, including any write-off.

IFRS 9 requires the estimation of expected loss for trade receivables, regardless of whether there was any indication of impairment or not. For trade receivables, the Group uses the simplified approach and measures impairment losses at the amount of credit losses expected over the life of the receivable from moment of initial recognition. For trade receivables that have been assessed as not impaired based on the portfolio analysis performed, the estimation of impairment losses, if any, is based on the use of an write-off matrix where write-offs are calculated for trade receivables classified into different aging categories (past due periods) using a default rate. The default rate is determined based on historical data (calculated on the basis of the last 5 years) adjusted for the impact of future factors.

In the same manner the Group calculates the allowance for expected credit losses for deposit receivables and construction contract assets in an analogous manner; balances that are not past due are included in the "not past due" category in the write-off matrix, and the write-off is calculated taking into account the default rate for not past due receivables.

For trade receivables with indications of impairment (e.g. disputed receivables), specific additional write-offs were set up depending on the assessment of their recoverability.

If the value of money in time is material (applies to the bid bonds receivables) the value of receivables is determined through discounting projected future cash flows to the present value, using a gross discount rate reflecting current market-based appraisals of time value of money. If the discounting method has been applied, the increase of receivables caused by time elapse is posted as financial gains.

	2021			2020		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables	640,580	45,933	594,647	403,531	36,142	367,389
Receivables from corporate income tax	3,207	-	3,207	355	-	355
Other budget receivables	23,037	-	23,037	11,565	-	11,565
Other receivables	32,002	1,210	30,792	20,229	1,210	19,019
Total	**698,826**	**47,143**	**651,683**	**435,680**	**37,352**	**398,328**

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Modifications of the write-off for trade receivables are presented in the table below.

	For the period of 12 months, ended on 31 Dec. 2021	For the period of 12 months, ended on 31 Dec. 2020
Opening balance of write-downs	**37,352**	**39,491**
Setting up/(reversal)of individual write-offs	11,031	4,432
Setting up /(reversal) of write-offs according to write-off matrix	651	(1,291)
Reversal of individual write-offs	(49)	(2,500)
Use of individual write-offs	(2,019)	(3,645)
Other	156	671
FX gains and losses from translation	21	194
Closing write-offs, of which:	**47,143**	**37,352**
Matrix-based calculated write-off	**3,862**	**3,211**
Individual write-off	**43,281**	**34,141**

	2021	2020
Non-past due receivables:	**466,892**	**285,787**
Past due receivables:	**127,755**	**81,602**
below 1 month	33,929	24,426
1-3 months	15,534	9,923
3-6 months	2,741	863
6 months - 1 year	20,463	2,530
Above 1 year	55,088	43,860
Total trade receivables, net	**594,647**	**367,389**

For the remaining disputable receivables write-offs were set up based on estimated Discounted Cash Flows.

The Group is exposed to credit risk and foreign currency risk arising from trade receivables. However, there is no concentration of credit risk related to trade receivables since the Group has a large number of domestic customers. All receivables, except for those individually written off, are rated by the Group as having the highest internal credit rating. For all receivables except those written-off individually, the Group estimates a write off for expected credit losses in an amount equal to 12 months expected credit losses.

6.7. OTHER ASSETS

The **Insurance** line comprises prepayments made by the Group under insurance contracts concerning future reporting periods. They are recognized in the income statement proportionally to the time expired.

In "Prepayments" line the Group recognises amounts paid on account of concluded preliminary agreements for the acquisition of shares in Companies which do not meet the definition of derivatives under IFRS 9.

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	2021	2020
Prepayments	6,738	-
Insurance	6,767	4,292
Other	380	736
Total	**13,885**	**5,028**

6.8. PROVISIONS

The Provisions category mainly comprises provisions for warranty repairs, provisions for employee benefits and post-employment benefits, and provisions for litigations and disputes.

Provisions for warranty repairs

Provisions for warranty repair costs result from the Group's warranty extended for construction services. Provisions are set up in the amount determined with percentage rate, which is a quotient of historically incurred costs for warranty repairs and historically posted revenues generated by the execution of building contracts. The costs of provision for warranty repairs are posted into costs of services sold. In the case of non-construction services, mainly maintenance services, the provision for the costs of warranty repairs is set up on the basis of historical data and a reliable estimate of the amount of the related obligation. The assumptions used to calculate the provision for warranty repairs as of 31 December 2021 were based on the records of warranty repairs between 2017 and 2021 and as of 31 December 2020 - between 2016 and 2020 respectively.

Provision for benefits in the post-employment period

This category comprises provisions for retirement and pension severance pays, to be paid by the Group under the effective law and the remuneration rules and regulations. The amount of the provision is determined at the present value using actuarial techniques requiring the adoption of certain assumptions. Assumptions vital to pricing include the levels of discount rates, projected rates of return on assets (ROA), forecast wage increases. Due to pricing complexity, the assumptions made, its long-term nature, the liabilities related to the above mentioned benefits are very sensitive to assumption changes. All the above assumptions are verified and updated at the end of each reporting period.

Provisions for litigation and disputes

Detailed analysis of potential risks related to litigation, making decisions about a need to reflect the impact of such litigation in the Group's financial statements and the amount of the provision are made by the legal departments and the Management Board.

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6. OTHER NOTES

Categorized provisions are presented in table below:

	Provisions for warranty repairs	Provision for employee benefits in the post-employment period	Provisions for litigations and disputes	Other	Total
As of 1 Jan. 2020	**23,467**	**15,470**	**1,512**	**4,494**	**44,943**
Increase	3,891	287	895	4,445	9,518
Dissolution	365	-	-	480	845
Increase due to acquisition	-	-	-	341	341
Utilisation	808	35	-	1,729	2,572
FX gains and losses from translation	231	-	28	194	453
As of 31 Dec. 2020	**26,416**	**15,722**	**2,435**	**7,265**	**51,838**
short-term	19,186	558	2,319	6,987	29,050
long-term	7,230	15,164	116	278	22,788
As of 1 Jan. 2021	**26,416**	**15,722**	**2,435**	**7,265**	**51,838**
Increase	5,551	5,530	36	6,898	18,015
Dissolution	950	6,863	916	5,220	13,949
Increase due to acquisition	-	4,355	-	154	4,509
Utilisation	-	2,510	-	575	3,085
FX gains and losses from translation	(11)	(54)	(7)	(24)	(96)
As of 31 Dec. 2017	**31,006**	**16,180**	**1,548**	**8,498**	**57,232**
short-term	21,326	101	1,396	8,024	30,847
long-term	9,680	16,079	152	474	26,385

6.9. DISPUTES

Both in cases where the Issuer is the plaintiff (cases related to receivables) and in cases where the Issuer is the defendant (cases related to payables) the position of the Issuer and its legal advisors prove that the proceedings will be solved in favour of the Issuer.

Proceedings to which ERBUD S.A. is a party as of the ERBUD S.A. Report Date, concerning payables or receivables of the Issuer or its subsidiary (including the case subject, the amount in dispute, the date of the proceeding initiation and the Issuer's perspective)

6.9.1. Material proceedings to which the Issuer is the plaintiff:

6.9.1.1.

Defendant: Bank Millennium S.A. in Warsaw

Date of filing a lawsuit: 22 December 2010

Value of the dispute: PLN 71,065,496

In 2008 Bank Millennium S.A. advised ERBUD S.A. to conclude FX option transactions to hedge against FX risk under the contracts denominated in EUR executed by the Issuer. The Bank's proposal was driven by a need of the Issuer to obtain security adequate to its situation. According to the Company, the product was not optimally adjusted to the ERBUD S.A. needs. In Q4 2008, as a result of a drastic revaluation of Polish zloty (PLN) in the PLN/EUR pair, Bank Millennium S.A. informed the Issuer about a negative valuation of the exposure held at that time.

At the same time, a dispute arose over the content of FX option transactions, mainly with respect to the exclusion of option structures. During numerous discussions, the Issuer presented its position to the Bank, in which it demanded that the transaction be carried out with the undertaking of actions aimed at enforcing of existing claims. In order to limit the amount of potential loss, the disputed transactions were restructured and the Bank was informed about legal actions taken in the future to remedy the loss resulting from FX option transactions. The restructuring details were presented by the Issuer in RP 43/2008 on 21 November 2008 and in the 2008 Financial Statements. The Issuer never agreed with the position of Bank Millennium S.A.

and therefore called upon the Bank twice demanding the Bank to pay the amount of PLN 71,065,496, which consists of the amounts collected by the Bank from the Issuer's bank account, foregone profits and costs of legal and financial advisors. In connection with the above, the Issuer decided to bring an action for payment of compensation for the loss.

The case was pending continuously since 2016 and on 24 November 2021, the Court of Appeals in Warsaw accepted the Company's appeal in part, awarding the Bank the amount of PLN 51,383,600 with statutory interest for the period from 8 December 2010 to 31 December 2015 and statutory interest on late payments from 1 January 2016 to the date of payment. The Company bears 29% of the litigation costs, whereas the Bank bears 71%. The decision is final and binding.

On 2 December 2021 Bank Millennium S.A. filed a request to withhold the payment to ERBUD S.A. of 102 733 906.25 PLN. Withholding will occur until the deadline for filing a cassation appeal has passed and, if filed, until the cassation appeal has been completed.

The Court of Appeals in Warsaw, 7th Commercial and Intellectual Property Department, supported the Bank Millennium's motion and suspended payment of the adjudged amount, as requested by the Bank Millennium. The court's decision is not appealable.

However, this does not withhold the accrual of interest on the principal, i.e. on the amount of PLN 34 381 600

As of the Financial Statement date, the Court of Appeals has not provided the parties with a written statement with rationale for the judgment. Given the above the Bank Millennium could not file for cassation.

6.9.1.2.

Defendant: DSH – Dopravni Stavby, a.s., Brno, the Czech Republic

Date of filing a lawsuit: 14 February 2013.

Value of the dispute: PLN 26,923,644.16

Current dispute status: On 27 May 2014 ERBUD S.A. extended the claim by the amount of PLN 22,925,604.52 claiming additionally the reimbursement of costs of substitute performance. In a letter dated 27 April 2014 and delivered on 1 July 2014, the defendant filed a counterclaim for the amount of PLN 5,651,633. On 6 November 2015, a hearing was held. The parties have agreed to request the cancellation of the hearing in order to continue the settlement proceedings. The settlement talks were fruitless. All witnesses requested by the Parties were cross-examined. Upon the unanimous request of the Parties, the Court set a 30-day time limit for the expert to specify the proof of evidence and to submit detailed questions to the opinion. On 17 August, CEMEX notified about its accession on ERBUD S.A. side as a secondary intervener. At the main hearing held on 12 December 2018, the court dismissed both oppositions. The court made a decision to have an expert draw up an opinion.

The court delivered an expert opinion, which is favourable for ERBUD S.A. In the opinion the expert pointed out that the costs of substitute execution incurred by ERBUD S.A. are reasonable. According to the expert, DSH misperformed the contract and the repair method used by DSH was incorrect. On 7 October 2021 the Court announced a verdict in which: adjudged from DSH - Dopravni stavby a.s. with its registered office in Brno (Czech Republic) to ERBUD S.A. the total amount of PLN 26 923 644,16 (in words: twenty-six million nine hundred twenty-three thousand six hundred forty-four zlotys and 16/100) along with interest and legal fees.

The defendant filed an appeal against the judgment, which has not yet been delivered to ERBUD S.A. No appeal hearing date.

6.9.1.3.

Defendant: Platinum Resort Sp. z o.o.

Date of filing a lawsuit: 3 December 2018

Value of the dispute: PLN 16.301.236,97

Counterclaim

Defendant: ERBUD S.A.

Value of the dispute: PLN 13,516,629.86

Date of filing a lawsuit: 27 April 2019

ERBUD filed a request with the District Court in Szczecin to secure a cash claim in the amount of PLN 5,455,851.09 in relation to the contractual penalty for withdrawal from the Construction Works Contract of 26 January 2017 for the execution of the project titled "Construction of a four-star hotel complex consisting of: Three hotel buildings with land development in Żeromskiego Street in the City of Świnoujście" by encumbering the properties belonging to Platinum Resort Sp. z o.o. with a joint compulsory mortgage. By virtue of its Decision of 19 November 2018

the Court granted security by entering the compulsory mortgage into the land and mortgage registers of the aforementioned real estate, as well as by the attachment of bank accounts of Platinum Resort Sp. z o.o.

On 3 December 2018 the Issuer filed a lawsuit for payment of PLN 16,301,236.97 together with interest in the writ of payment proceedings for remuneration and other claims related to the execution of the aforementioned investment together with an additional request for securing claims.

Platinum Resort Sp. z o.o. filed a complaint against the decision on security. The Issuer's attorneys replied to the complaint. To date, the Szczecin Court of Appeal has not heard the complaint.

The Szczecin District Court found that there were no grounds for issuing a payment order and referred the case to be examined in ordinary proceedings. The claim was forwarded for servicing to the defendant. By virtue of a decision of 22 February
2019, the District Court granted security to ERBUD S.A. claim for a further amount of PLN 3.5 million by establishing a compulsory mortgage on property.

The Court of Appeal validly dismissed the Defendant's complaint regarding the provision of security.

On 27 April the Defendant filed a response to the statement of claim together with the counterclaim in which he requests that ERBUD be awarded PLN 13,516,629.86, consisting of PLN 5,455,851.09 as an alleged contractual penalty calculated by the Defendant and PLN 8,060,778.77 as reimbursement of the allegedly overpaid remuneration collected by ERBUD for the performance of the construction contract.

ERBUD'S attorneys submitted a replica of the response to the statement of claim together with the response to the counterclaim, upholding the existing position and requesting that the counterclaim be dismissed in its entirety.

The court heard the oral evidence provided by the witnesses. Expert evidence concerning this case will be heard by the court .

On 11 June we received information about a writ of summons to make a settlement attempt; there is no date of the session, no information as to what exactly the writ is supposed to concern, the files are transferred between courts, there was no option to inspect them.

The court heard the oral evidence provided by the witnesses. The court decided to admit expert evidence. The deadline for filing expert evidence was 31 March 2022.

Estimated date for completion of proceedings before the Court of First Instance: 2022.

The value of other litigations where ERBUD S.A. is the Plaintiff totals PLN 23,214,862.20.

6.9.2. Material proceedings to which the Issuer is the defendant

6.9.2.1.

Plaintiff: Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o. (*Warsaw Modlin Airport*) („MPL”)

Defendant: ERBUD S.A. in Warsaw

Date of servicing an action to ERBUD S.A.: 23 May 2014

Value of the dispute: PLN 34,381,374.64

Against 2021 financial statements the change pertains to the required attachment of a construction opinion (the reasons for that involve the occurred pavement defects and evaluation of repair alternatives to be added on file).

On 29 November 2021. Erbud filed comments and objections to the opinion along with a request to exclude the expert. On February 7, 2022, the Court sent Erbud's findings and comments to the expert and called upon him to respond.

6. OTHER NOTES

6.9.2.2.

Plaintiff: The Wielkopolskie Province with the headquarters of the Marshal's Office of the Wielkopolskie Province

Defendant: ERBUD S.A. in Warsaw

Date of servicing an action to ERBUD S.A.: 28 January 2022

Value of the dispute: PLN 21.553.732

By virtue of a lawsuit dated 20 December 2021 the Wielkopolskie Province, with the headquarters of the Marshal's Office of the Wielkopolskie Province in Poznań, requests that the Court authorise Erbud S.A. to replace the entire systems at Erbud S.A.'s expense, which are as follows: 1) cold water, 2) hot water, 3) hydrant water, 4) process heat and 5) chilled water in the building being the registered office of the Office in Poznań, located at Al. Niepodległości 34 in Poznań under quality warranty.

The Court set a deadline of 25 April 2022 for Erbud S.A. to file a response to the lawsuit.

According to Erbud S.A. there are no grounds to accept the claims of the Wielkopolskie Province in full.

Estimated date for dispute settlement before the Court of First Instance: 2025.

Total value of other proceedings where ERBUD S.A. is the defendant: PLN 13 179 423.87.

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6. OTHER NOTES

6.10. TRADE PAYABLES, OTHER LIABILITIES

Trade payables and other liabilities include primarily trade payables to non-related parties, advances received, payroll liabilities and tax liabilities.

Trade payables are initially carried at fair value (corresponding to the nominal value) and as of the balance sheet date they are priced at amortized cost.

The received advance payments refer mainly to payments from contractors for the performance of construction contracts and are recognized at the nominal value of the payment received.

Wage and salary payables are recognized at the value due for the work performed, accrued in accordance with the concluded contracts.

Tax liabilities (including tax on goods and services, corporate income tax, personal income tax) are recognized at the amount requiring payment by the Group in compliance with the effective and applicable legislation.

Short-term employee benefit liabilities

This category comprises provisions for non-utilized holidays. The basis for calculation of provision for non-utilized leave is the specification of non-utilized leave days at a certain balancing date broken down by employees and their daily gross salary plus social contribution surcharges paid by the Employer.

	PLN 2021	PLN 2020
Trade payables	**PLN 363,131**	**PLN 258,673**
including to related entities	PLN 103	PLN 217
Liabilities vis-a-vis budget in relation to:	**PLN 52,132**	**PLN 37,992**
VAT tax	PLN 20,716	PLN 3,372
corporate income tax	PLN 9,798	PLN 17,375
personal income tax	PLN 6,642	PLN 4,055
Social insurance contribution	PLN 10,613	PLN 11,596
State Fund for the Rehabilitation of the Disabled	PLN 194	PLN 183
holiday accrual (Belgium tax)	PLN 945	PLN 750
Other	PLN 3,224	PLN 661
Other liabilities	**PLN 60,738**	**PLN 37,448**
wages and salaries	PLN 14,605	PLN 9,962
accruals	PLN 835	PLN 586
short-term employee benefit liabilities	36,947	24,285
Other	8,351	2,615
Total	**476,001**	**334,113**

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6. OTHER NOTES

6.11. EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

Reconciliation of the change in working capital balance for the period from 1 January to 31 December 2021 and for the period from 1 January to 31 December 2020.

	Change in balance of Cash Flow Statement in the period from January 2021 to December 2021	Change in balance of Cash Flow Statement in the period from January 2020 to December 2020
Change in provision balance	**5,394**	13,383
Change in inventory balance	**(41,718)**	61,592
Change of receivables balance	**(253,355)**	7,935
Change in balances of short-term liabilities, excluding credits and loans	**141,888**	68,916
Change in settlement of assets and liabilities under building contracts	**(113,447)**	88,042
Change of balance of the remaining assets	**2,893**	(18,894)
Change in balance of working capital	**(258,345)**	**220,974**

Other non-cash adjustments and other investment activity inflows for the period from 1 January to 31 December 2021 and for the period from 1 January to 31 December 2020 are presented below:

	Other non-cash adjustments in the Cash Flow Statement in the period from January 2021 to December 2021	Other non-cash adjustments in the Cash Flow Statement in the period from January 2020 to December 2020
Share-based payments	**28,343**	-
Other	**(2,920)**	(201)
Other non-cash adjustments	**25,423**	**(201)**

	Other inflows from investment activities in the period from Jan. 2021 to Dec. 2021	Other inflows from investment activities in the period from Jan. 2020 to Dec. 2020
Disposal of fixed assets	**3,902**	948
Lease-back	**10,394**	-
Cash of acquired companies, liquidation of deposits, interest	**6,614**	-
Other non-cash adjustments	**20,910**	**948**

6. OTHER NOTES

6.12. GROUP STRUCTURE

Group Structure

As of 31 December 2021, the Group consists of the Parent Company Erbud S.A. along with its subsidiaries, consolidated using the full method, and entities not controlled by Erbud S.A., consolidated using the equity method.

Related entities and consolidation rules: The consolidated financial statements comprise data of the Parent Entity and its subsidiaries.

Subsidiaries are consolidated using the full method from the date of control acquisition to the date of control loss. The control is exercised when the Parent Company is exposed to variable financial results due to its involvement in the entity in which it made investment, or when it has the right to changing financial results and is capable of influencing the level of these financial results by exercising its control over the entity. The financial statements of subsidiaries are drawn up for the same accounting period as the financial statement of the Parent Company using consistent accounting principles. If control is lost over a subsidiary, the profit or loss on the transaction resulting in the control loss is recognized in the income statement.

Settlements, income, expenses and unrealized gains recognised in the assets, arising out of transactions between Group member companies are taken out.

As of the date of control acquisition, the Group determines whether the controlled entity is a business as defined in IFRS 3 or a group of assets not representing a business.

Settlement of acquisition of ventures is made using the acquisition method. Under this method the identifiable assets and liabilities acquired are carried at fair value as of the acquisition date**.** The payment made under business acquisition transaction is priced using fair value, calculated as collective sum of fair values as the date of acquisition of assets submitted by the Group, liabilities taken by the Group against previous owners of the acquired entity and equity instruments issued by the Group in exchange for taking over control over acquired entity. Acquisition-related costs are recognized in income statement as incurred. The excess of the acquisition price, fair value of previously held interests and non-controlling interests over the fair value of the net assets acquired, subject to the exceptions referred to in IFRS 3, is goodwill.

For asset acquisitions that are not business acquisitions, the purchase price is allocated to the individual assets acquired based on their relative fair values. Transaction costs are included in the initial value of the acquired fixed assets. No goodwill is generated through an asset acquisition transaction.

Investments in associates are accounted for in the consolidated financial statements using the equity method. In compliance with the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost, and then adjusted to reflect the Group's contribution to the financial result and to other comprehensive income of the associate. An investment in an associate is accounted for using the equity method from the date on which the entity becomes an associate.

While evaluating a need to recognise impairment of the Group's investment in an associate, the requirements of IAS 28 are applied. If necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36, Impairment of Assets, as a single asset by comparing its recoverable amount with its carrying amount. The impairment recognized represents a portion of the carried value of the investment. The reversal of this impairment is recognised in accordance with IAS 36 to the extent of any subsequent increase in the recoverable amount of the investment

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6. OTHER NOTES

#	Name of entity	Registered office	Scope of activities	Parent Company's share in equity (equal to the voting rights held) 2021	2020
	Shares held directly				
1	Erbud International Sp. z o.o.(Company acquired by Erbud Operations Sp. z o.o.)	Toruń	Construction services	**0.00%**	100.00%
2	ONDE S.A. (former Przedsiębiorstwo Budownictwa Drogowo - Inżynieryjnego S.A.)	Toruń	Road engineering and renewable energy sources	**60.70%**	90.00%
3	Erbud Operations Sp. z o.o.(acquired Erbud International Sp. z o.o. and was renamed into Erbud International Sp. z o.o.)	Rzeszów	Construction services	**100.00%**	100.00%
4	ERBUD Construction Sp. z o.o.	Toruń	Construction services	**100.00%**	100.00%
5	Erbud Industry Sp. z o.o.	Toruń	Engineering services	**100.00%**	100.00%
6	MOD21 GmbH (former GWI GmbH)	Düsseldorf, Germany	Construction services	**100.00%**	100.00%
7	Erbud Shared Services Sp. z o.o.	Warsaw	Support services	**100.00%**	100.00%
8	Erbud Holding GmbH	Düsseldorf, Germany	Management services	**100.00%**	100.00%
9	Hebud Sp. z o.o. in liquidation	Minsk, Belorussia	Construction services	**100.00%**	100.00%
10	Toruńska Sportowa in liquidation Sp. z o.o.	Toruń	Sports, entertainment and leisure services	**39.00%**	39.00%
11	JV WMER Matoc Poland Sp. z o.o	Warsaw	Construction services	**50.00%**	50.00%
12	JV PABC Sp. z o.o.	Warsaw	Construction services	**100.00%**	100.00%
13	MOD21 Sp. z o.o.	Ostaszewo	Modular timber construction	**100.00%**	0.00%
14	Sanssouci Karpacz Sp. z o.o.	Warsaw	Construction services	**43.00%**	0.00%

ERBUD Consolidated Financial Statements as of 31 December 2021 ('000 PLN, unless specified otherwise)

6. OTHER NOTES

#	Name of entity	Registered office	Scope of activities	2021	2020
			Shares of Parent Company held indirectly (corresponding to the voting rights held)		
	Shares held indirectly				
1	Erbud Industry Centrum Sp. z o.o. (following merger with Erbud Industry Pomorze Sp. z o.o.)	The City of Łódź	Maintenance services in the industrial segment	**99.01%**	99.01%
2	Erbud Industry Pomorze Sp. z o.o. (a merger with Erbud Industry Centrum Sp. o.o.)	The City of Gdańsk	Maintenance services in the industrial segment	**-**	100.00%
3	ERBUD Industry Południe Sp. z o.o.	The City of Będzin	Maintenance services in the industrial segment	**99.29%**	99.29%
4	PDI Dusseldorf Malmedyerstrasse Ost GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
5	PDI Dusseldorf Malmedyerstrasse West GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
6	Erbud Beteiligungs GmbH	Düsseldorf, Germany	SPV	**100.00%**	100.00%
7	IVT Weiner + Reimann GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
8	IVT Menzenbach GmbH	Oberhausen, Germany	Maintenance services in the industrial segment	**100.00%**	100.00%
9	PflegeQuatier Düren GmbH	Düsseldorf, Germany	Construction services	**43.35%**	43.35%
10	WTL20 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
11	WTL40 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
12	WTL80 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
13	WTL100 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
14	WTL120 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
15	WTL130 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
16	WTL140 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
17	WTL150 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
18	WTL160 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
19	WTL170 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
20	IDE Projekt Sp. z o.o.	Toruń	Design services in the RES segment	**100.00%**	0.00%
21	Satchwell Polska Toruń Sp. z o.o.	Toruń	Maintenance services in the industrial segment	**100.00%**	0.00%
22	Azuryt 6 Investments Sp. z o.o.	The City of Łódź	Renewable energy sources	**50.00%**	0.00%
23	Cyranka Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
24	DEPVPL sp. z o.o. power plant	The City of Szczecin	Renewable energy sources	**50.00%**	0.00%
25	KWE Spółka z o.o.	The City of Szczecin	Renewable energy sources	**50.00%**	0.00%
26	IKR GmbH	Bitterfeld - Wolfen	Maintenance services in the industrial segment	**100.00%**	0.00%
27	WTL40 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
28	WTL270 Sp. z o.o.	Warsaw	Renewable energy sources	**100.00%**	0.00%
29	WTL270 Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
30	Park Słoneczny Ciechanów Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
31	Park Lewałd Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
32	FW Gumienice Sp. z o.o.	Toruń	Renewable energy sources	**100.00%**	0.00%
33	Farma Wiatrowa Szybowice Sp. z o.o. (*Wind Farm*)	Warsaw	Renewable energy sources	**50.00%**	0.00%

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6. OTHER NOTES

Interests of jointly controlled companies consolidated using the equity method and classified as long-term financial assets:

Long-term financial assets	**2021**	**2020**
Azuryt 6 Inwestments Sp. z o.o.	14,687	-
KWE Sp. z o.o.	11,232	-
Elektrownia DE PVPL 22 Sp. z o.o. (Power Plant)	3,400	-
Farma Wiatrowa Szybowice Sp. z o.o. (*Wind Farm*)	5,287	-
Tauron Serwis Sp. z o.o.	488	488
Sanssouci Karpacz Sp. z o.o.	2	-
Share in net profits/losses of equity-accounted subsidiaries	(156)	-
Total	**34,940**	**488**

For major investments consolidated on equity rights basis the key financial data for the period ended on 31 December 2021 is presented below.

	Azuryt 6 Inwestments Sp. z o.o.	KWE SP. Z O.O.	FARMA WIATROWA SZYBOWICE SP. Z O.O. (*WIND FARM*)
Balance Sheet highlights:			
ASSETS, of which:	**2,457**	**3,952**	**2,438**
Fixed assets	397	3,527	235
Current assets	2,061	425	2,203
Cash assets	735	9	6
LIABILITIES, of which:	**2,457**	**3,952**	**2,438**
Long-term liabilities of which:	1,127	2,991	2,544
Financial liabilities	1,127	2,991	2,544
Short-term liabilities of which:	1,601	11	14
Financial liabilities	-	-	-
Abridged Profit and Loss Account:			
Revenues from sales of products and services	-	1	8
Net profit for the accounting period	(178)	7	(114)
Comprehensive income	(178)	7	(114)
Other P&L items:			
Amortization and depreciation	-	-	-
Financial income	-	-	-
Financial expenses	-	45	107
Income tax	-	-	-

No share of Sanssouci losses for 2021 was recognized in the consolidated financial statements in the amount of PLN 463 thousand due to the fact that the value of investments measured by the equity method was 0.

The remaining companies with marginal impact reported joint earnings and comprehensive income for 2021 in the amount of: PLN (1,000) (loss).

The accounting period of subsidiaries is the same as that of the parent company. These companies have no restrictions on the cash allocation to potential dividend payments and loan repayments.

In the financial statements, the Group presented acquisitions of entities comprising a group of assets not representing a business, acquisitions of stakes in jointly controlled entities and acquisitions of entities representing a business.

Acquisition of entities comprising a group of assets not representing a business

On 22 March 2021, a subsidiary of ONDE S.A. acquired 100% stakes in 10 SPVs (lines 10-19 of the aforementioned table) from two non-related parties. The acquisition prices of the companies ranged from PLN 165 thousand to PLN 900 thousand and the total value of all these transactions amounted to PLN 3,615 thousand (the transaction price is settled in cash) Because these transactions are immaterial on a stand-alone basis, the Company presents disclosures about these transactions in total. The acquired companies' assets comprise land lease agreements defining the site for the construction of a photovoltaic farms, environmental approvals, land development conditions and cash assets. The Company does not generate revenues and does not have certain processes in place, nor workforce; therefore, the transaction was initially classified as an asset acquisition rather than business acquisition. Asset acquisitions are accounted for by allocating the acquisition price to the individual assets acquired based on their relative fair values. ONDE S.A. assessed that the price paid will be allocated mainly to the acquired feasibility study for the construction of photovoltaic farms in the acquired locations, which was recognized as inventory in the ONDE Group's consolidated financial statements, as the photovoltaic farms will be constructed for sale during regular business of the Group.

On 14 June 2021 ONDE S.A. entered into an agreement to acquire 100% shareholding in the company (Cyranka) that owns two photovoltaic farm projects from three non-related parties. The transaction price totalled PLN 10,647 thousand and is subject to cash settlement. Transaction costs related to this transaction were immaterial. The company's assets comprise land lease agreements defining the site for the construction of photovoltaic farms environmental decision, land development conditions, connection conditions, building permit design, building permit, and cash assets. The Company does not generate revenues and do not have certain processes in place, nor workforce; therefore, the transaction was initially classified as an asset acquisition rather than business acquisition. Asset acquisitions are accounted for by allocating the acquisition price to the individual assets acquired based on their relative fair values. ONDE S.A. assessed that the price paid will be allocated mainly to the acquired feasibility study for the construction of photovoltaic farms in the acquired locations, which was recognized as inventory in the ONDE Group's consolidated financial statements, as the photovoltaic farms will be constructed for sale during regular business of the Group.

On 12 July 2021, ONDE S.A. acquired 100% shareholding in Special Purpose Vehicle (SPV) (WTL270) from two non-related entities. The purchase price of the company totalled PLN 360 thousand. The transaction price was settled in cash. The transaction costs related to this deal were insignificant. The acquired company's assets comprises a land lease agreement defining the site for the construction of a photovoltaic farm, land development conditions and cash assets. The Company does not generate revenues and does not have certain processes in place, nor workforce; therefore, the transaction was initially classified as an asset acquisition rather than business acquisition. Asset acquisitions are accounted for by allocating the acquisition price to the individual assets acquired based on their relative fair values. ONDE S.A. assessed that the price paid will be allocated mainly to the acquired feasibility study for the construction of photovoltaic farms in the acquired locations, which was recognized as inventory in the ONDE Group's consolidated financial statements, as the photovoltaic farms will be constructed for sale during regular business of the Group.

On 17 September 2021, ONDE S.A. acquired 100% shareholding in Special Purpose Vehicle (SPV) (WTL210) from two non-related entities. The acquisition price totalled PLN 795 thousand. The transaction price is subject to cash settlement. Transaction costs related to this transaction were immaterial. The acquired company's assets comprises a land lease agreement defining the site for the construction of a photovoltaic farm, environmental approval, land development conditions and cash assets. The Company does not generate revenues and do not have certain processes in place, nor workforce; therefore, the transaction was initially classified as an asset acquisition rather than business acquisition. Asset acquisitions are accounted for by allocating the acquisition price to the individual assets acquired based on their relative fair values. ONDE S.A. assessed that the price paid will be allocated mainly to the acquired feasibility study for the construction of photovoltaic farms in the acquired locations, which was recognized as inventory in the ONDE Group's consolidated financial statements, as the photovoltaic farms will be constructed for sale during regular business of the Group.

On 17 September 2021, ONDE S.A. acquired 100% shareholding in Special Purpose Vehicle (SPV) (WTL50) from two non-related entities. The acquisition price totalled PLN 555 thousand. The transaction price is subject to cash settlement. Transaction costs related to this transaction were immaterial. The acquired company's assets comprises a land lease agreement defining the site for the construction of a photovoltaic farm, land development conditions, environmental approval and cash assets. The Company does not generate revenues and do not have certain processes in place, nor workforce; therefore, the transaction was initially classified as an asset acquisition rather than business acquisition. Asset acquisitions are accounted for by allocating the acquisition price to the individual assets acquired based on their relative fair values. ONDE

6. OTHER NOTES

S.A. assessed that the price paid will be allocated mainly to the acquired feasibility study for the construction of photovoltaic farms in the acquired locations, which was recognized as inventory in the ONDE Group's consolidated financial statements, as the photovoltaic farms will be constructed for sale during regular business of the Group.

On 5 October the Company acquired a 100% shareholding in a Special Purpose Vehicle (SPV) (Park Słoneczny Ciechanów). The transaction in value terms totalled PLN 1,055 thousand. The transaction price is subject to cash settlement. Transaction costs related to this transaction were marginal. The acquired company's assets comprises a land lease agreement defining the site for the construction of a photovoltaic farm, environmental approval, land development conditions, connection conditions and cash assets. The Company does not generate revenues and does not have certain processes in place, nor workforce; therefore, the transaction was initially classified as an asset acquisition rather than business acquisition. Asset acquisitions are accounted for by allocating the acquisition price to the individual assets acquired based on their relative fair values. ONDE S.A. assessed that the price paid will be allocated mainly to the acquired feasibility study for the construction of photovoltaic farms in the acquired locations, which was recognized as inventory in the ONDE Group's consolidated financial statements, as the photovoltaic farms will be constructed for sale during regular business of the Group.

On 12 October the Company purchased a 100% interest in a Special Purpose Vehicle (SPV) (Park Lewałd). The transaction totalled PLN 9,011 thousand. (the transaction price is subject to cash settlement). Transaction costs related to this transaction were immaterial.
The company's assets comprise a land lease agreement defining the site for the construction of a photovoltaic farm, environmental approval, land development conditions, connection conditions, building permit design, building permit, and cash assets. As of the acquisition date, the Company does not generate revenues and do not have certain processes in place, nor workforce; therefore, the transaction was initially classified as an asset acquisition rather than business acquisition. Asset acquisitions are accounted for by allocating the acquisition price to the individual assets acquired based on their relative fair values. ONDE S.A. assessed that the price paid will be allocated mainly to the acquired feasibility study for the construction of photovoltaic farms in the acquired locations, which was recognized as inventory in the ONDE Group's consolidated financial statements, as the photovoltaic farms will be constructed for sale during regular business of the Group.

On 26 November 2021, ONDE S.A. acquired 100% shareholding in Special Purpose Vehicle (SPV) (the Gumienice Wind Farm). The acquisition price of the company amounted to PLN 1,531 thousand. Transaction costs related to this transaction were immaterial. The acquired company's assets include a land lease agreement defining the area for the construction of a photovoltaic farm, environmental decision, development conditions, connection conditions, building permit design, building permit, and cash assets. As of the acquisition date, the Company does not generate revenues and do not have certain processes in place, nor workforce; therefore, the transaction was initially classified as an asset acquisition rather than business acquisition. Asset acquisitions are accounted for by allocating the acquisition price to the individual assets acquired based on their relative fair values. ONDE S.A. assessed that the price paid will be allocated mainly to the acquired feasibility study for the construction of photovoltaic farms in the acquired locations, which was recognized as inventory in the ONDE Group's consolidated financial statements, as the photovoltaic farms will be constructed for sale during regular business of the Group.

6. OTHER NOTES

Acquisition of entities that represent a business

On 19 April 2021 the Company acquired 100% of shares in the company IDE PROJEKT Sp. z o.o. based in Toruń for PLN 500 thousand (paid in cash) from a non-related entity. The object of IDE PROJEKT Sp. z o.o. is the investment service in the field of photovoltaic farms. Transaction costs related to this transaction were immaterial. The assets of the acquired company consist mainly of cash and receivables from non-related entities in the total amount of PLN 1.575 thousand. The company's liabilities include mainly amounts due to other entities in the amount of PLN 153 thousand. The transaction was initially classified as a business acquisition due to the fact that, in accordance with IFRS 3 Business Combinations, inputs, processes and outputs are identifiable in IDE Projekt Sp. z o.o. The purpose of the acquisition of the photovoltaic farm development company is to expand the scope of ONDE's supply chain with its subsidiaries in the area of photovoltaic farm development.

On 31 March 2021 Erbud Industry Centrum Sp. z o.o. acquired 100% of shareholding in Satchwell Polska Toruń Sp. z o.o., with its registered office in Toruń, for PLN 4,950 thousand net (paid in cash) from a non-related party. The scope of activities of Satchwell Polska Toruń Sp. z o.o. includes performance of electrical, plumbing, heating, gas, and air-conditioning installations. Transaction costs related to this transaction were marginal. In connection with joining the Capital Group, the enhanced potential will allow to undertake larger tasks with better economic impact.

In 2021 the German company Bilfinger Rohrleitungsbau GmbH joined our Group and it changed its name into IKR GmbH. It is a company with a 30-year history specializing in delivering maintenance services to industry, particularly active in the chemical and petrochemical markets. It implements commissioned projects in the field of pipeline construction and connections for the chemical and petrochemical industries, power generation and metallurgy. Owing to the growing demand of German industry for industrial services, IKR has significant growth potential in the future. The acquisition of IKR has made the Erbud Group even more visible on the German market and it is able to offer an even wider range of maintenance services.

Acquisition of shares in jointly controlled entities

On 1 June 2021 ONDE S.A. entered into an agreement to purchase a 50% interest in a company (Azuryt Investments) that owns photovoltaic farm project from an non-related party. The transaction price totalled PLN 14,687 thousand and was settled in cash. Transaction costs related to this transaction were immaterial. The acquired company's assets include a land lease agreement defining the site for the construction of a photovoltaic farm, building permit, land development conditions, connection conditions and cash assets. It was initially assessed that the acquired company would be a joint contractual arrangement between the Company and an non-related entity being the seller in the above transaction due to the fact that both parties to the transaction exercise joint control over the company. The joint contractual arrangement was classified as a joint venture and, accordingly, it was assessed that the acquired company would be subject to equity method measurement.

On 25 June 2021 the Company entered into an agreement to acquire a 50% interest in a company that owns a photovoltaic farm project from an non-related party. The transaction price totalled PLN 3,162 thousand and will be settled in cash. Transaction costs related to this transaction were immaterial. The acquired company's assets include a land lease agreement defining the site for the construction of a photovoltaic farm, land development conditions, connection conditions and cash assets. It was initially assessed that the acquired company would be a joint contractual arrangement between the Company and an non-related entity being the seller in the above transaction due to the fact that both parties to the transaction exercise joint control over the company. The joint contractual arrangement was classified as a joint venture and, accordingly, it was assessed that the acquired company would be subject to equity method measurement.

On 25 June 2021 the Company entered into an agreement to purchase a 50% interest in a company that owns a wind farm project from a non-related party. The transaction price totalled PLN 4,901 thousand and will be settled in cash. Transaction costs related to this transaction were immaterial. The acquired company's assets include a land lease agreement defining the site for the construction of a wind farm, land development conditions, connection conditions and cash assets. It was initially assessed that the acquired company would be a joint contractual arrangement between the Company and an non-related entity being the seller in the above transaction due to the fact that both parties to the transaction exercise joint control over the company. The joint contractual arrangement was classified as a joint venture and, accordingly, it was assessed that the acquired company would be subject to equity method measurement.

On 16 December 2021 ONDE S.A. entered into an agreement to acquire a 50% interest in a company that owns a wind farm project from a non-related party. The acquisition price of company totalled PLN 5,287 thousand. The transaction price is subject to cash settlement. Transaction costs related to this transaction were immaterial. The acquired company's assets include a land lease agreements defining the site for the construction of a wind farm, land development and connection conditions, environmental approval, building permit design, building permit, and cash assets. It was initially assessed that the acquired company would be a joint contractual arrangement between the Company and an non-related entity being the seller in the above transaction due to the fact that both parties to the transaction exercise joint control over the company. The joint contractual arrangement was classified as a joint venture and, accordingly, it was assessed that the acquired company would be subject to equity method measurement.

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6.13. Transactions with related entities

Transactions with related entities

The following tables show the totals of transactions made by the Erbud S.A. Group with its member companies in the period ended on 31 December 2021 and in the period ended on 31 December 2020.

		2021		2020	
		Non-consolidated related companies using full method	Total	Non-consolidated subsidiaries	Total
Note 6.6.	Trade receivables	2,972	**2,972**	-	**-**
Note 5.1.2	Loans extended	10,377	**10,377**	-	**-**
Note 6.10.	Trade payables	103	**103**	217	**217**
Note 4.2.-4.3	Sales revenues	12,496	**12,496**	567	**567**
	Interest income on loans extended	437	**437**	-	**-**

Transactions with key members of management staff

The remuneration accrued for the members of the Management Board of the Parent Company and for the members of the Supervisory Board paid by the Group in the accounting year is presented in the table below:

	2021	2020
Management Board		
Short-term employee benefits (wages & salaries)	16,451	8,007
Supervisory Board		
Short-term employee benefits (wages & salaries)	432	351
Total	**16,883**	**8,358**

As of the date of submission of these financial statements, the Management Board members and proxies do not hold any share-based benefits.

At individual balance sheet dates the managing persons (members of the Management and Supervisory Boards) held the following number of shares (all shares are ordinary shares):

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6. OTHER NOTES

Shareholder	2021 No. of shares /votes	2021 % of shareholding in the share capital counted in votes at the General Meeting of Shareholders	2020 No. of shares /votes	2020 % of shareholding in the share capital counted in votes at the General Meeting of Shareholders
Dariusz Grzeszczak	728,787	5.88%	747,654	5.88%
Jacek Leczkowski	5,112	0.04%	5,174	0.04%
Agnieszka Głowacka	3,938	0.03%	3,938	0.03%
Albert Dürr	13,840	0.11%	27,508	0.11%
Total	**751,677**	**6.06%**	**784,274**	**6.06%**

6.14. IPO of ONDE S.A. subsidiary

On 19 July 2021, a subsidiary of ERBUD S.A. – ONDE S.A. had its IPO on the Warsaw Stock Exchange (WSE). As part of the IPO, Erbud S.A. sold 7,704,200 of its shares at PLN 26.00 per share, raising PLN 200 million in cash and reducing its share in the ONDE capital to 60.7%. In addition, ONDE issued 8,250,000 E-series shares.

Following the deduction of costs related directly to IPO, the value of the cash raised has been presented in the Consolidated Statement of Changes in Equity in the line "Sales and issuance of shares in a subsidiary" as an increase in retained earnings, reserve capital and an increase in equity of non-controlling stakeholders.

Proceeds from shares sold by Erbud	200,310
Proceeds from the sales of ONDE shares	214,500
Total proceeds	**414,810**
Direct costs	16,806
Sales and issue of shares in a subsidiary	**398,004**

In addition to the direct costs listed above, a portion of the costs were recognized as expenses in the statement of earnings.

The ERBUD Group intends to use the funds raised to finance further development of the ONDE Group through investments in the renewable energy sector and to finance investments in the fabrication of modular houses and the acquisition of companies from the industrial services segment in Poland and in foreign countries as part of the Erbud Group's other activities.

POST-ACCOUNTING PERIOD EVENTS

On 3 January 2022 the Company paid a deposit of PLN 10 million to Invest Line E S.A. under an agreement concluded on 29 December 2021. The deposit is used to secure ERBUD's obligation to enter into a lease agreement. Erbud is interested in leasing office and office-service premises in the city of Toruń with a usable area of not less than service usable area: 5,000 sq.m., while Invest Line operates in the field of consulting and agency services in real estate trade and commercial space lease.

On 18 February 2022 ERBUD SA signed a preliminary agreement in the form of a notarial deed for the purchase of undeveloped land property in perpetual usufruct with a total area of 2.3013 ha. The real estate is in the city of Toruń. The transaction price amounts to PLN 20,200,000.00, net. The date of signing of the Promised Sales Contract is scheduled for 15 November 2022.

6. OTHER NOTES

On 2 February 2022 ONDE S.A. entered into an agreement to acquire a 50% interest in a company that owns a photovoltaic farm project from a non-related party. The acquisition price of company totalled EUR 4.950 thousand. The transaction price is subject to cash settlement. Transaction costs related to this transaction were immaterial. The acquired company's assets include a land lease agreement defining the site for the construction of a photovoltaic farms, environmental approval, land development conditions, connection conditions and cash assets. It was initially assessed that the acquired company would be a joint contractual arrangement between the Company and an non-related entity being the seller in the above transaction due to the fact that both parties to the transaction exercise joint control over the company. The joint contractual arrangement was classified as a joint venture and, accordingly, it was assessed that the acquired company would be subject to equity method measurement.

On 24 February 2022, war broke out in Ukraine.

It is difficult to quantify unequivocally what impact a conflict caused by Russia will have on the Group's operations. The initial panic in all markets in late February and early March started already to slow down after 15 March 2022. No matter what will be the end result of this conflict, the economic map of the world will change. Embargoes imposed on Russia and Belarus will significantly change the trade situation. The ERBUD Group member companies do not have any direct business ties with companies from this area. The Group also has no assets there. The Group member companies donated PLN 1 million to help the Ukrainian refugees.

The Management Board of ERBUD S.A. monitors the market situation related to the availability and prices of raw materials on an on-going basis. The budget was reviewed in terms of expenditures that can be deferred or dropped altogether.

Talks have been initiated with the Employers with respect to remuneration changes.

Our order book allows for a very selective approach to bidding.

Recent events taking place a month and a half before the publication of the 2021 financial statements had shown that the risks referred to as "black swans" are unpredictable and it is hard to be protected against them in 100%. The war conflict behind the eastern border has shown that one man's decision can destabilize the economy almost on a global scale. Following the Russia's invasion of Ukraine, the whole world faced a fuel crisis, stock markets and currencies of neighbouring countries, including Poland, were weakening. Raw material prices and their availability have become a much bigger issue in the construction business than COVID 19 hazards.

Erbud Group has always looked for its development in the Western Europe, especially in Germany. Any inclination to enter eastern markets sometimes perceived as emerging markets, however, was viewed negatively by the Management Board.

At the Financial Statement Date, the Group directly employs 51 Ukrainian personnel members out of a total workforce of 3,000. Approximately 1,300 people from Ukraine work on construction sites as employees of subcontracting companies. Since the conflict outbreak, about 100 workers of our subcontractors have returned to Ukraine. Most of these people have been in Poland for years and are Pole's Card holders. Because of the war they had to bring their family members to Poland, who were offered assistance by the Eryk Grzeszczak Common Challenge Foundation. The Group earmarked for this purpose the total amount of PLN 1.5 million.

The Management Board monitors on an on-going basis the impact of the political and economic situation in Ukraine, Russia and Belarus on the ERBUD Group's operations. For more than a year we have been dealing with price hikes of building materials and labour in the Polish market. Due to the fact that the Group does not execute long-term contracts, it is possible to account for the risk of swelling material prices in the calculations on an on-going basis or, in the case of public contracts, to apply the price indexation clauses. Very good relations with employers, diversification of operations, both in geographical and segment terms, reduce the negative impact of the price shock caused by the conflict in Ukraine.

Signatures of all Management Board members:

Dariusz Grzeszczak
/President of the Management Board/

Jacek Leczkowski
/Vice-President of the Management Board/

Agnieszka Głowacka
/Vice-President of the Management Board/

Radosław Górski
/A Management Board member/

Warsaw, 4 April 2022